

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 13, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	INDUSTRIAL LAND DEVELOPMENT STRATEGY ANNUAL MONITORING AND PRICING REPORT CITY OWNED INDUSTRIAL LAND

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services with respect to the City of London’s Industrial Land Development Strategy, the following actions **BE TAKEN** with respect to the annual monitoring and pricing of City-owned industrial lands:

- a) The staff report dated July 13, 2020 entitled “Industrial Land Development Strategy Annual Monitoring and Pricing Report – City-Owned Industrial Land”, **BE RECEIVED** and;
- b) **NO ACTION BE TAKEN** at this time to adjust the current pricing of the City owned industrial land from the following prices that were established October 1, 2018:

Pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park and Cuddy Blvd Parcels:

- Lots up to 3.99 acres \$80,000.00 per acre
- 4.00 acres and up \$70,000.00 per acre

Pricing for serviced industrial land in Trafalgar Industrial Park:

- All Lot sizes - \$ 65,000.00 per acre

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control Report – February 11, 2009 – Industrial Land Development Strategy Report

Strategic Priorities and Policy Committee – November 18, 2013 – Industrial Land Development Strategy 2013 – 2023

Corporate Services Committee – June 20, 2017 – Industrial Land Development Strategy Annual Monitoring & Pricing Report

Corporate Services Committee – July 17, 2018 - Industrial Land Development Strategy, Annual Monitoring and Pricing Report - city-owned industrial land

Corporate Services Committee – June 18, 2019 – Industrial Land Development Strategy, Annual Monitoring and Pricing Report – city owned industrial land

BACKGROUND

Purpose

The purpose of this report is to provide information to Council relative to the City’s Industrial Land Development Activity, highlight strategic objectives, and review the current pricing and policy for City owned Industrial land.

Context

This report is prepared in accordance with Council's resolution which directs that the Civic Administration prepare a monitoring report on the City's Industrial Land Development Strategy (ILDS), as well as a review of the pricing of City owned industrial land for Municipal Council's consideration.

The City of London owns several major industrial land holdings. Land for three of the most recent industrial parks was acquired in direct response to the Industrial Land Development Strategy and these three City owned industrial parks have been fully developed since Council endorsed the strategy in November of 2001.

As part of Council's Strategic Plan 2019 to 2023, ILDS remains an important strategy in growing our economy and bringing more employment to the City.

City Owned Industrial Land Pricing in London, Ontario

The current pricing levels of all City owned industrial parks, established effective October 1, 2018, are as follows:

Pricing for serviced industrial land in Innovation Park, Skyway Industrial Park, River Road Industrial Park and Cuddy Blvd Parcels is:

- Lots up to 3.99 acres \$80,000.00 per acre
- 4.00 acres and up \$70,000.00 per acre

Pricing for serviced industrial land in Trafalgar Industrial Park is:

- All lot sizes - \$65,000.00 per acre.

Surcharges are as follows:

- Highway 401 Exposure – 15%;
- Veteran's Memorial Parkway Exposure – 5%; and

The cost of service connections from the main to the property line is the responsibility of the purchaser. Industrial lots are sold on a where is, as is basis, with grading, stripping and removal of excess topsoil being the purchaser's responsibility and cost. The City will strive to provide grading of the municipal industrial parks on a level-graded basis. Site specific final grading is the responsibility of a purchaser.

Industrial Land Pricing in Surrounding Municipalities in Southwestern Ontario

The Chart [attached](#) to this report as Table 1 is a survey of the price levels of industrial land in surrounding municipalities in Southwestern Ontario.

SUMMARY OF CURRENT LAND HOLDINGS

A brief summary of the six major City owned Industrial Parks is outlined below and on the following pages:

SERVICED LANDS

Current Inventory – Serviced Industrial Land

City serviced industrial lands have access to full municipal servicing to the lot line, and in most cases, are shovel ready, being available for a client to purchase and develop.

PARK	Net Available (Acres)	Net Available (Hectares)
Innovation Park – Phases I to IV	210.4	85.15
Skyway Industrial Park	26.2	10.60
Forest City Industrial Park	3.2	1.3
TOTAL	239.83	97.05

Included within the approximate 239 acres of City owned industrial land currently available for sale are 30.1 acres under option and another 38.55 acres under contract (as of June 1, 2020) in various City owned Industrial Parks. Total marketable lands is 171.18 acres.

In terms of larger industrial parcels available, several remain which are privately owned. Under the City's owned inventory, only one (1) parcel remains with size greater than 50 acres which is located within Innovation Park Phase 4 – Advanced Manufacturing Park. The ILDS implementation team is working to bring forward additional supply as Huron Industrial Park becomes developed which is described later in the report.

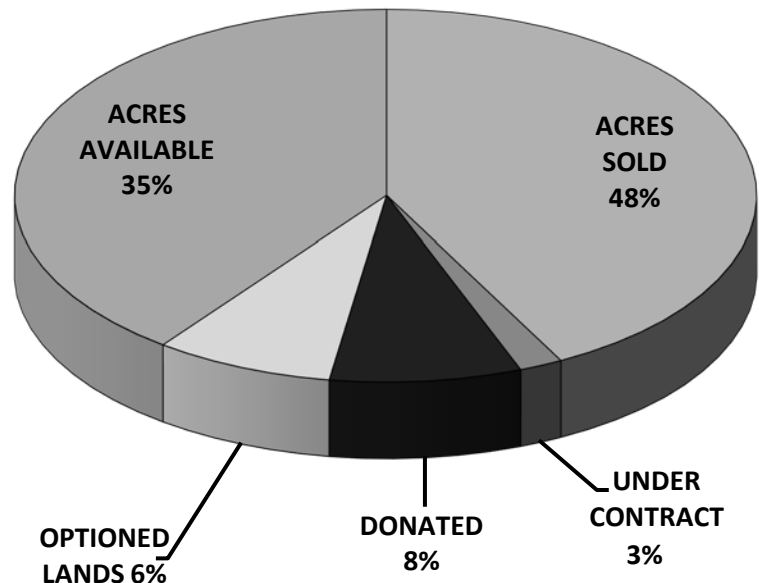
Innovation Park

(for Map of Park refer to Schedule 1 attached)

Innovation Park is located on both the west and east sides of Veteran's Memorial Parkway, north of Highway 401 and south of Hamilton Road.

598 acres of land were acquired between 2001 and 2003 for the development of all four phases of this park. An additional 55 acres were acquired in 2011; 43.5 acres were added to Innovation Park, Phase II, and approximately 12 acres set aside for a future interchange. Phase I was completed in 2005, Phase II in 2008, Phase IV in 2009 and Phase III by the end of 2010.

Total Gross Acres:	653 Acres
Total Developable Acres:	477 Acres
Total Acres Sold (to date):	226.8 Acres
Total Acres Under Contract:	12.01 Acres
Total Acres Donated to UWO/Fanshawe:	39.7 Acres
Total Acres Optioned (to date):	30.1 Acres
Total Net Acres (Available):	<u>168.32 Acres</u>
Average Selling Price Per Acre:	\$49,833 / acre
# of Parcels Sold:	14
Average Size of Parcel Sold:	16.2 Acres
Types of businesses in the Park:	Light/Advanced Manufacturing



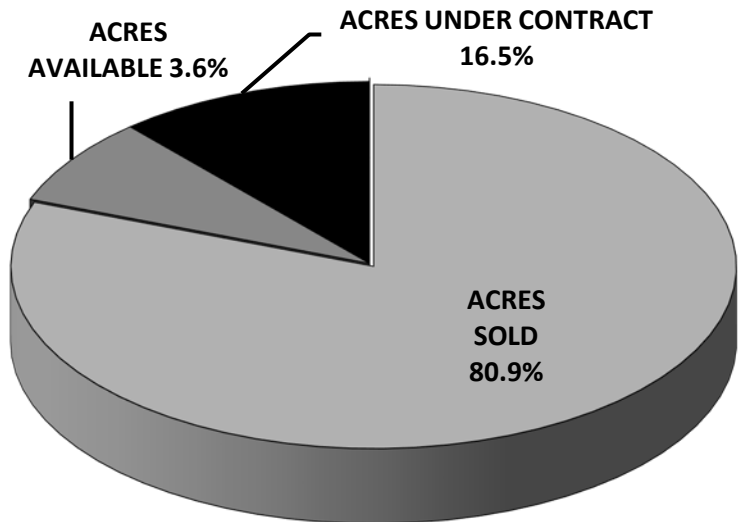
* Information updated As of June 1, 2020.

Skyway Industrial Park

(for Map of Park refer to Schedule 2 attached)

Skyway Industrial Park is located on the east side of Veteran's Memorial Parkway, north of Oxford Street and south of Huron Street. 172 acres of land were purchased from 1992 to 2000 as part of a co-venture agreement with the London International Airport for the development of an industrial park. Phase I of City land was completed by the end of 2004 and Phase II by the end of 2010.

Total Gross Acres:	172 Acres
Total Developable Acres:	130 Acres
Total Acres Sold (to date):	105.17 Acres
Total Acres Under Contract	21.45 Acre
Total Net Acres (Available)	4.77 Acres
Total # of Parcels Sold:	9
Average Sale Price	\$47,575 / acre
Average Size of Parcel Sold:	11.7 Acres
Types of businesses in the Park:	Manufacturing, Warehousing



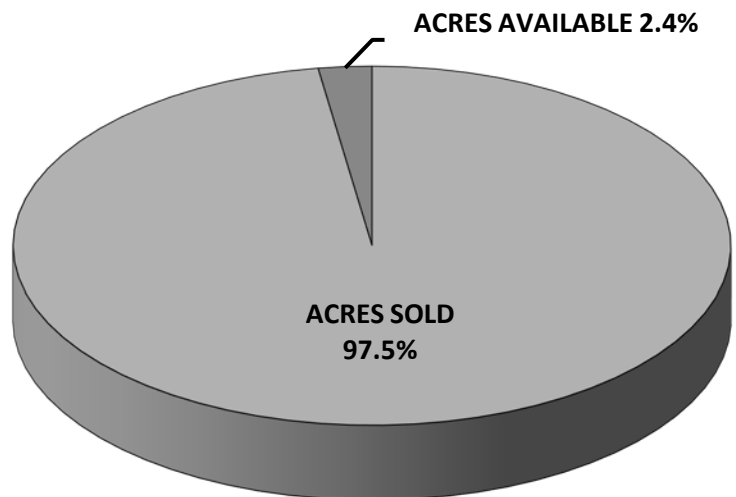
*Information update As of June 1, 2020.

Forest City Industrial Park

(for Map of Park refer to Schedule 3 attached)

Forest City Industrial Park is located the north side of Wilton Grove Road, east of Highbury Avenue, and south of Highway 401. 178 acres of land were acquired in 2001 for the development of a two-phase park. Servicing of Phase I was completed by the end of 2002, and Phase II by the end of 2003.

Total Gross Acres:	178 Acres
Total Developable Acres:	134 Acres
Total Acres Sold (to date):	130.06 Acres
Total Net Acres (Available):	<u>3.2 Acres*</u>
Average Selling Price/Acre:	\$51,064 / acre
# of Parcels Sold:	16
Average Size of Parcel Sold:	8.2 Acres
Types of businesses in the Park:	Manufacturing, Warehousing & Logistics



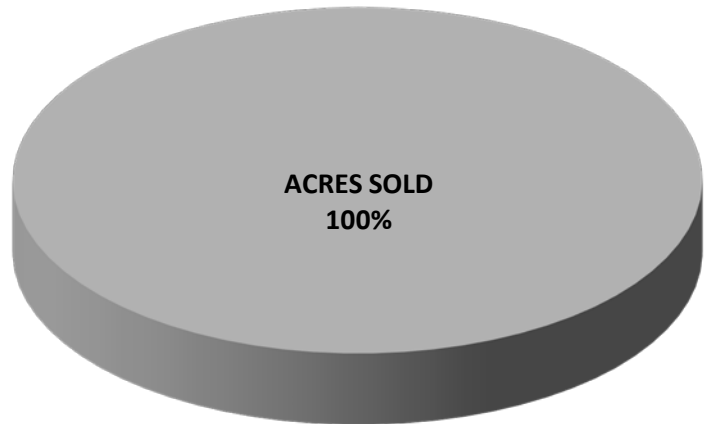
*3.2 Acres was optioned by Brose and was released in 2018. The parcel is encumbered with municipal services with limited development potential. Further environmental reviews/studies are required to determine the net developable area.

River Road Industrial Park

(for Map of Park refer to Schedule 4 attached)

River Road Industrial Park is located on the west side of Veteran’s Memorial Parkway, north of River Road. 52 acres of land were acquired from 1975 to 2001 for this industrial park, and development was completed by the end of 2001. There are no remaining parcels of land for sale in River Road Industrial Park which were previously developed by the City.

Total Gross Acres:	52 Acres
Total Developable Acres:	46 Acres
Total Acres Sold (to date):	46 Acres
Total Acres Under Contract:	0 Acres
Total Net Acres Available:	<u>0 Acres</u>
Average Selling Price Per Acre:	\$54,661 / acre
# of Parcels Sold:	12
Average Size of Parcel Sold:	3.83 Acres
Types of businesses in the Park:	Manufacturing, Warehousing



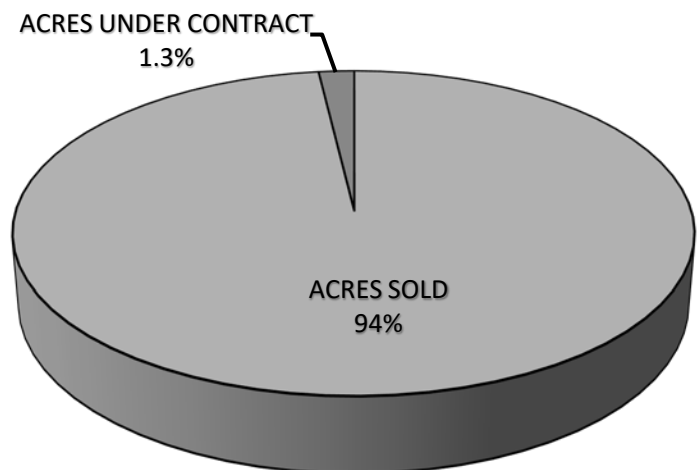
*Information update As of June 1, 2020.

Trafalgar Industrial Park

(for Map of Park refer to Schedule 5 attached)

Trafalgar Industrial Park is located on the east side of Veteran’s Memorial Parkway, north of Gore Road and south of Dundas Street. Approximately 428 acres of raw land were acquired from 1976 to 1984 for this park and development was phased from 1980 to 1985.

Total Gross Acres:	428 Acres
Total Developable Acres:	379 Acres
Total Acres Sold (to date):	356.37 Acres
Total Acres Under Contract:	5.02 Acres
Total Acres Optioned (to date):	0 Acres
Total Net Acres (Available):	<u>0 Acres</u>
Average Selling Price / Acre:	\$60,905 / acre
Types of businesses in the Park:	Manufacturing, Warehousing



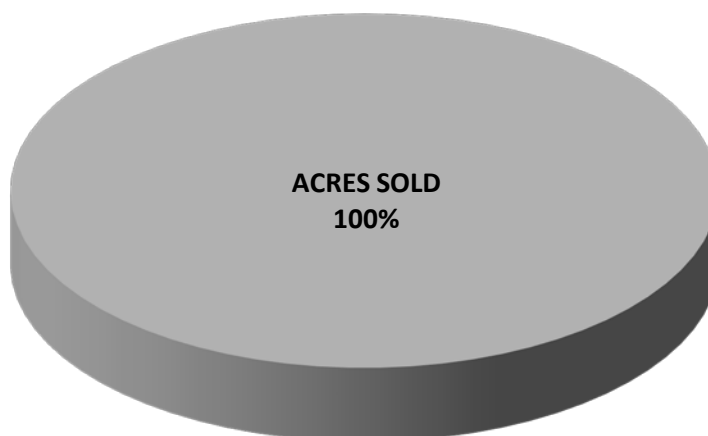
*Information updated As of June 1, 2020.

Cuddy Boulevard Industrial Lands

(for Map of Park refer to Schedule 6 attached)

In 2010, the City obtained land on Cuddy Boulevard from the London Optimists in exchange for land on Rectory Street destined to house the London Optimist Sports Centre (“BMO Centre”), which is now in operation. These lands are 8.82 acres in size and zoned General Industrial. Environmental studies (SAR Report, Phase I ESA) were completed and the lands were made available to market in January, 2018.

Total Developable Acres:	8.82 Acres
Total Acres Sold:	8.82 Acres
Total Net Acres (Available):	0 Acres
Average Selling Price Per Acre:	\$74,117/ Acre



**Information updated As of June 1, 2020.*

UNSERVICED LANDS

Current Inventory – Serviceable Industrial Land

PARK	Zoning	Inventory (Acres)	Inventory (Hectares)
Huron Industrial Park	Light Industrial & General Industrial	217.5*	88*
Innovation Park, Phase V	Light Industrial	200	80.9
Highbury & Highway 401 Lands	Light Industrial	5.35	2.17
	TOTAL	422.85	171.07

**Note: net acres shown of future Veteran’s Memorial Parkway requirement (currently under construction).*

Huron Industrial Park

The Huron Industrial Park lands are located around the intersection of Huron Street and the extension of Veteran’s Memorial Parkway (VMP). The extension of VMP and upgrades to Huron Street were awarded in March 2020 at a cost of \$11.2 million. To date, approximately 139.4 acres (56.4 ha) is partially serviced and environmental and engineering studies are currently underway. Upon completion of the Huron Industrial Lands Storm water Management Facility (SWMF) these lands will be fully serviced at a municipal level. The construction of the new SWMF is expected to start in Q3 2020 and become operational in Q2 2021. At this point the Huron Industrial Lands will be fully serviced at a municipal level and can be actively marketed. Several of the parcels still require site preparation work to bring them to a complete shovel ready state. The City has been able to reuse excess soil from the VMP and SWMF projects in order to reduce costs by not having to pay for fill to bring the grades up. Other characteristics to note with these lands are the following:

- Portions of the lands are subject to building height restrictions as related to the proximity of the London International Airport and Transport Canada regulations.
- The Sun Canadian high-pressure oil pipeline which runs in a north-south direction through a large portion of the site, and;
- Access, grading, and a servicing solution is being finalized for southern blocks of Huron Industrial lands which is anticipated to be ready and would bring up to 65 acres to market by early 2021. Soft marketing of these lands is already underway.

Innovation Park, Phase V

In 2013, the City acquired approximately 84 acres (34ha) of land 2555-2591 Bradley Ave. for the future Phase V development of Innovation Park. In 2018, the abutting 2531 Bradley Ave. was secured under contract which totaled approximately 45.9 acres (18.6 ha). The transaction closed in March of 2019.

After several years of negotiating, the City reached an agreement with the property owners at 2497 Bradley Ave. On October 30th, 2019 the remaining lands of approximately 70 acres (28.3 ha) were acquired, which completed the land assembly required for Innovation Park Phase V.

The City has recently received archaeological clearance for 2555-2591 Bradley Ave and the Stage 1 and 2 Archaeological has also been completed for 2497 and 2531 Bradley Ave. Additional Archaeological work will be scheduled for later this year.

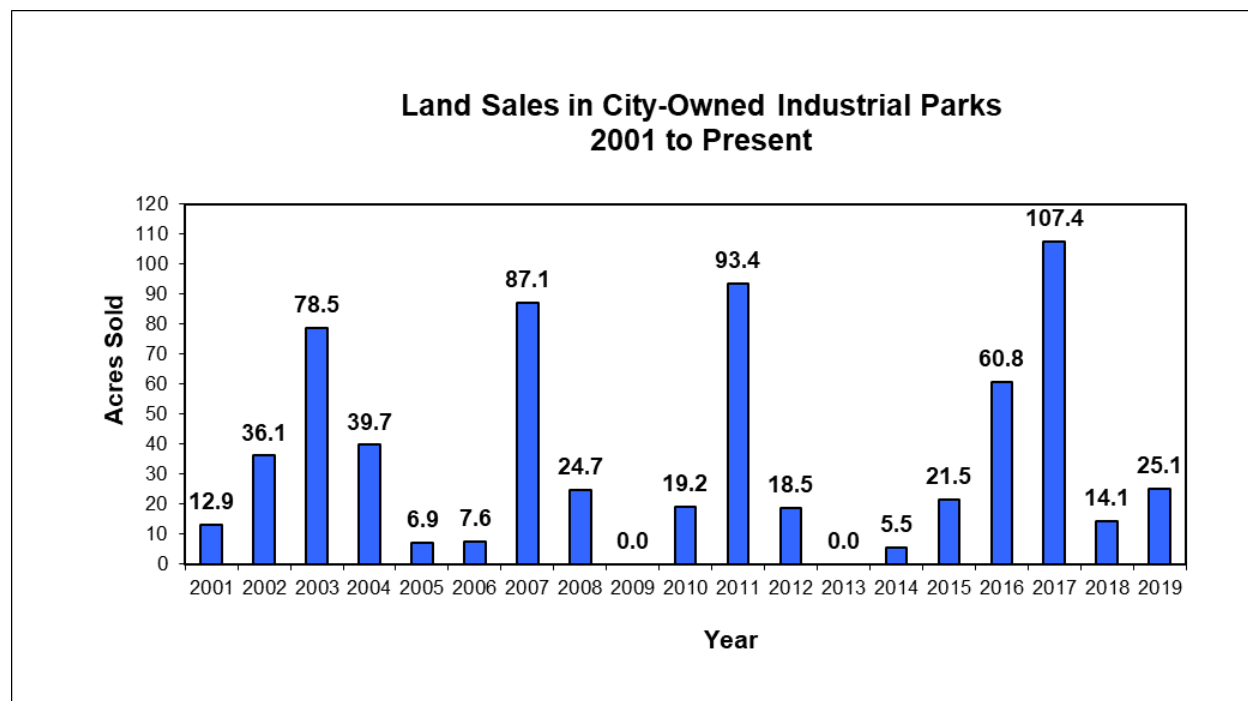
The City has also completed a high level concept for this phase in order to begin negotiations with Hydro One to acquire lands under their transmission lines for a future internal roadway. It's expected that this will be wrapped up by the end of 2020. Future work includes design, extension of municipal services to this phase, construction of a SWMF and construction of new internal municipal services.

Highbury Avenue and Highway 401 Lands

Approximately 16.7 acres (6.75 ha) of land were purchased from the Ministry of Transportation in 1993. This land is located on the west side of Highbury Avenue, south of Highway 401. At present, approximately 50% of this parcel is designated as a historical forest and zoned "Open Space", and approximately 3 acres will be utilized by the Ministry of Transportation for the re-configuration of the Highbury/Highway 401 interchange. There is approximately 5.35 acres (2.17 ha) remaining that could be developed in the future for light industrial and commercial uses including a hotel, restaurant and gas station.

Sales Activity

Between 2001 and 2019, the City has sold approximately 659.1 acres (266.72 ha) of industrial land for a total of \$34,271,466. The estimated municipal tax revenue since 2001 on these land sales totals more than \$9,534,233 per year. Based on the 2019 industrial building permit data, a total of 161 building permits were issued. A total construction value (building alone) for industrial uses (such as manufacturing and warehousing establishments) totaled in excess of \$374 million City wide. As for Maple Leaf Foods, the building construction value for 2019 was reported to be \$300 million (building cost).



**Note: Reflects closed transactions only for 2019.*

The above Chart shows the absorption of City industrial land over the past 19 years. 2017 was a record year primarily a result of the large land sale to Maple Leaf foods. In 2018, land transactions cooled from years prior which can be attributed to some broader economic

uncertainties being the negotiations on the Canada-United States-Mexico Agreement (CUSMA), protectionist policies by the United States in terms of imposed steel and aluminum tariffs, and uncertainties on interest rates.

As for 2019, sentiment had improved and non-automotive investments were being made such as expansions to plants by companies such as Nestle, Dr. Oetker, and Original Cakerie. Maple Leaf Foods also broke ground in 2019 for their new 640,000 sq. ft. poultry processing facility.

In terms of City industrial land sales for 2019, a total of 25.1 acres were sold which represented six transactions to smaller to medium sized companies ranging from manufacturing uses, one new food processing industry, and two relocations here in London. Some lands that remained under contract in 2019 carried forward into 2020 as additional due diligence and time was required by several Purchaser companies.

As of June 1st 2020, the City had sold a 9 acre parcel and 38.55 acres remained under contract with companies at various stages in their due diligence. There is cautious optimism ahead given the unprecedented event with the global COVID-19 pandemic and impact yet to unfold to the local economy.

Investments Made in our Industrial Parks

A summary of investments in City industrial parks made is provided in the section below for the past several years. Such investments can vary due to a variety of things being the status of the local economy, global economic events, and most recently, impacts to industry related state of emergency closures mandated by the Municipal, Provincial and Federal government. As companies focus on adjusting operations to protect the health and safety of their employees, there remains continued uncertainty on what expansion lands and timing will unfold for 2020.

Industrial Investment City Wide

In consultation with building division, industrial building permit construction values for the past 3 years are shown below:

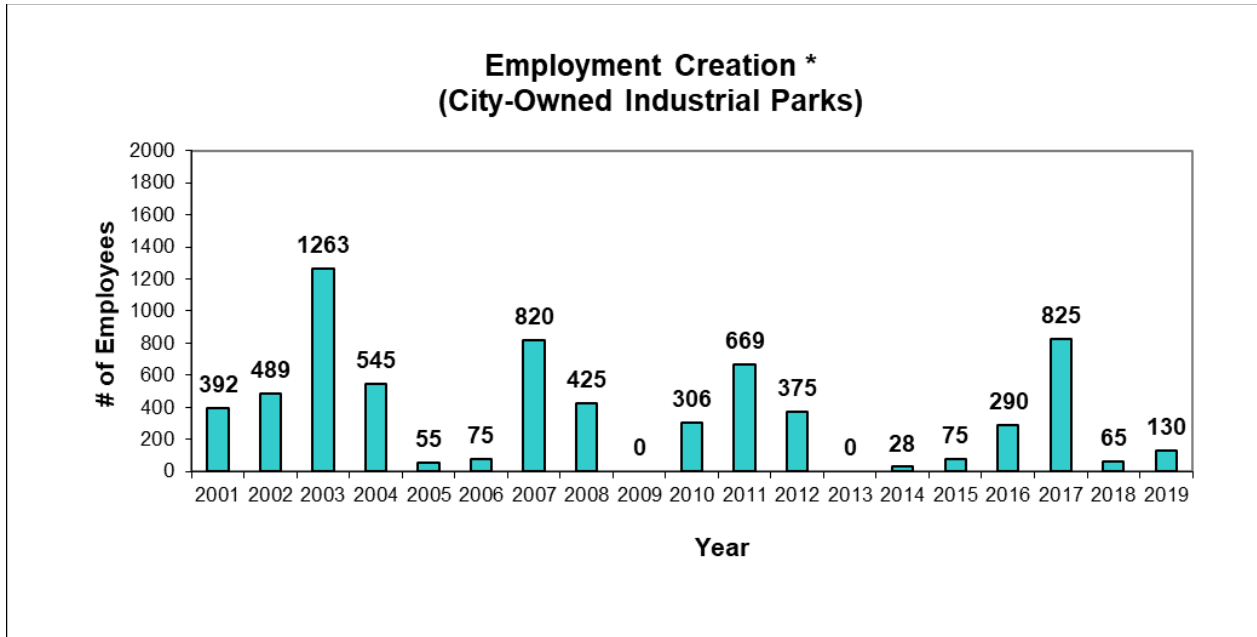
2017 - \$ 33.3 million in construction value
2018 - \$ 43.5 million in construction value
2019 - \$ 374.4 million in construction value

2019 was a record year in terms of construction value, largely attributed to the building permit value of Maple Leaf Foods which totaled approximately \$300 million in construction value.

As for the City owned industrial parks, 58 permits (excluding Maple Leaf Foods) were issued and the combined construction value for alterations, additions, and new builds totaled approximately \$54.7 million in construction value.

Employment Creation

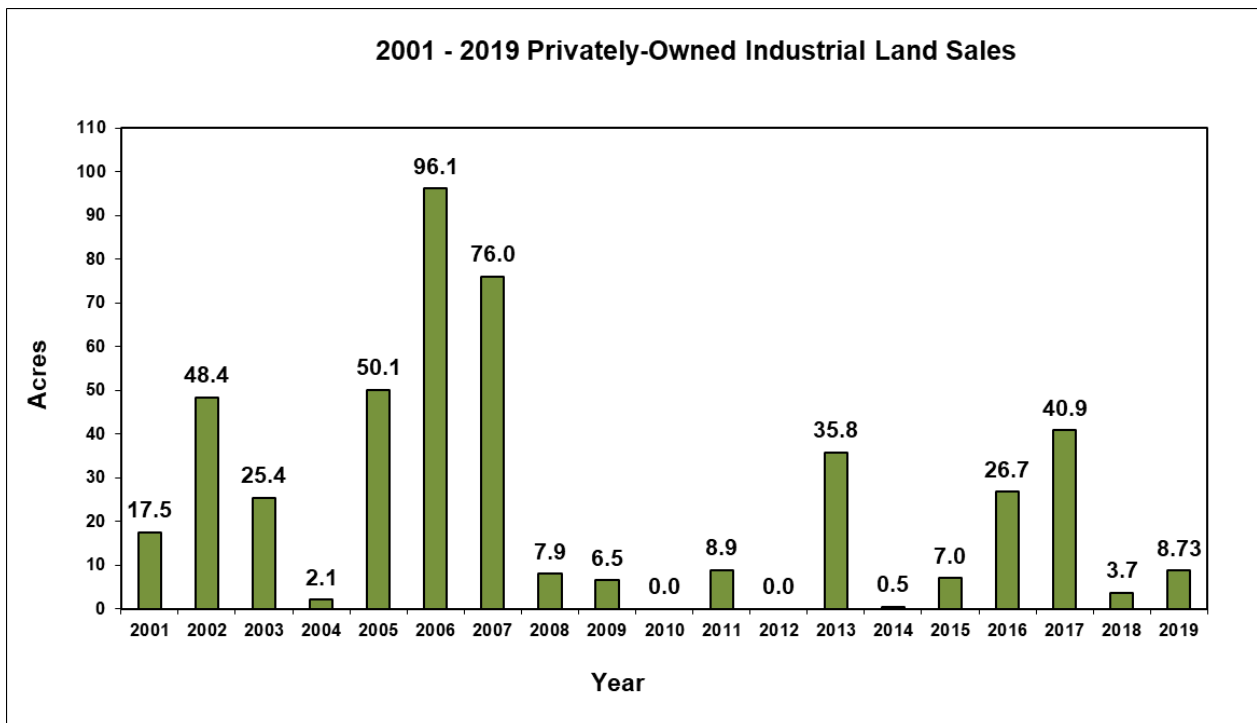
Since 2001, sales of City owned industrial lands have created over 6,827 direct new jobs. An additional 5,000+ spinoff jobs are believed to have been created through construction, logistics, service providers and manufacturing related supply chains. These jobs have significantly contributed to the sustainability of advanced manufacturing in the London region through the attraction of new global manufacturing companies.



*Employment Creation is based on the anticipated number of employees at the time when the facilities are fully operational

Industrial Land Sales in the Private Sector

For vacant private industrial land sales, 2019 had a moderate increase in land sales from the previous year. In total, approximately 8.7 acres had sold and majority of these sales were smaller in parcel size ranging anywhere from 0.5 acre to 2 acres in size.



Industrial Development Charge Grant Program

Background:

On May 2, 2017, Municipal Council approved changes to the City's Industrial Development Charges Grant Program. These changes, that came into effect on January 1, 2018, retain the current 100% development charge grant for targeted industrial uses, but decrease the value of the grant to 50% of the value of the development charges to a maximum grant of \$250,000 for non-targeted industrial uses. Targeted uses have been defined in the program to be consistent with the targeted uses of the Industrial Land Development Strategy. As part of the approved changes to the program, the program will expire on December 31, 2023.

Targeted Uses which qualify for the Industrial Development Charges Grant Program include:

- Advanced manufacturing including renewable and clean technology, automotive, agri-food/food processing, and defense and aerospace, as well as life and health sciences, information technology and digital media, and research and development.

Non-Targeted uses where a portion of the Grant Program applies (up to a max of \$250,000) include:

- Warehouses, distribution centres, transportation and logistics, businesses that store and process data for retrieval, and truck terminals.

Provided below is a cumulative city-wide summary of the Development Charge Exemptions for Industrial:

2016 - \$4,702,491
 2017 - \$3,011,569
 2018 - \$1,698,946
 2019 - \$12,359,452

Approximately \$11,423,878 of last year's Development Charge Grant was attributed to the Maple Leaf foods building permit being issued.

Market Observations:

Last year, Realty Services along with LEDC continued to receive pushback on the Industrial Development Charge program which exempts non-targeted users. The comments came primarily from the development and real estate brokerage community working with clients in logistics and warehousing & distribution based sectors.

While recognizing the importance of these non-targeted based industries, London is still well positioned regionally to attract such users given a good industrial land supply, servicing capabilities, and competitive land pricing. It has also been observed that non-targeted industry will still consider locating to London based on workforce and proximity to existing clients.

The ILDS implementation team will continue monitoring any missed opportunities as a result of the current Industrial Development Charge program and monitor any emerging trends such as companies moving away from self-warehousing and online retail which is creating more need for warehouse space.

Getting People to Work Using Public Transit: Challenges and Solutions

Inadequate public transit in our industrial corridor has been raised consistently by numerous employers for several years. In 2019, detailed surveys and focused employer consultations were undertaken by the London Transit Commission (LTC) in partnership with LEDC to assess industrial needs, ridership, cost-sharing options and better transit planning for the corridor. The LTC Board also recognized the need for better connectivity in industrial areas and asked LTC management to conduct industrial service reviews. Many industrial companies have also shown interest in cost-sharing arrangements with LTC to facilitate better transit coverage.

The ILDS team continues to support LTC through this assessment phase. Transit connectivity is frequently requested by expanding local companies as well as new clients looking to locate in London as it impacts employers' ability to attract and retain workforce.

ILDS Strategic Initiatives

The Industrial Land Development Strategy (ILDS) remains extremely important to the economy. Approximately 30% of all employment occurs on industrial land as per the City's Official Plan (OP). In addition, broader benefits are achieved for the City in terms of investments such as land sale value, tax revenue, direct and indirect job creation, spin-off industry attraction.

Provided below are some of the Strategic Initiative achievements completed in 2019.

Active Role in Development and Selling Industrial Land:

- Maintained an adequate supply of vacant industrial ready land at Innovation Park along with maintenance activities.
- Successful completion of the Municipal Class Environmental Assessment (EA) for the Stom Water Facility to service the future Huron Industrial Park.

- Municipal services design completed for Huron Industrial Park.
- Preliminary industrial subdivision plans completed for Innovation Park Phase V and Huron Industrial Park.
- Grading work completed for the remaining 26 acres at Skyway Industrial Park.
- Worked closely with Enbridge (formerly Union Gas) finalize servicing for Skyway Industrial Park and the future Huron Industrial Park.
- Realty Services Industrial Land Officer routinely providing prospective clients information on City's industrial land and maintaining the City's land availability website.
- Successful completion of the rezoning for Innovation Park Phase V lands.
- Gateway signage and lighting installed last year at Innovation Park, to improve the marketability and branding of the City's Industrial Park lands.
- LEDC has successfully worked with several local companies with expansion plans to their existing locations as well as new industries locating in London. Details are provided in LEDC's annual report, available on their website.
- New location finder tool implemented on the LEDC's dedicated website for new and existing industries to London.

Target and Understand our Target Sectors' Needs:

- Based on inputs from industry, recent city wide industrial zoning change was implemented to allow heights up to 50 metres. ILDS team has met monthly with London Economic Development Corporation (LEDC) to discuss prospect client activity and development plans to attract new targeted industries to London.
- Tracked data throughout the year from publications provided through the Conference Board of Canada, publications provided by local commercial real estate brokerages, and internal data tracking.
- Monitoring of industrial site plan applications submitted through Development Services Division and set up of SWAT internal review team for time sensitive and/or high profile accounts.
- Regular discussions with local design build companies and brokerages to understand types of clients looking at London.

Ensure an adequate supply of land

- As mentioned earlier above, with the approved Storm Water Management pond system and extension of the Veteran's Memorial Parkway currently in construction, approximately 217 acres additional acres will be brought to market in the short term.
- Realty Services successfully completing the acquisition of 2497 Bradley Avenue in 2019 which marks the successful completion of the land assembly required for Phase V Innovation with a combined total of 200 acres. Ongoing Archaeological and engineering work is underway.
- Actively participation by Realty Services in contacting willing sellers in securing additional longer term industrial lands for the City.
- Working with the brokerage community in offering City's industrial site to market private land listings.
- Have remained nimble by soft marketing some of the City's industrial lands on a no-grading but market ready condition to meet market demand needs or to qualify for Request for Proposals through the Province via LEDC.

Establish a plan to deliver investment-ready land

- Monthly technical meetings to discuss industrial land status pertaining to studies, reports, construction tenders, review of capital work program budgets.
- Engaged routinely throughout the year communications with Enbridge, Bell, London Hydro and other external agencies to verify any servicing or environmental constraints.
- Presentation to the LEDC Board of Directors on the status of the City's industrial land and regional competitiveness.
- Annual Industrial Land Monitoring report prepared to Council.
- Annual summary provided Civic Administrations Senior Leadership Team (SLT) on the land sales status and to be reported in the City's Strategic Objectives.

Market our land aggressively on international stage

- Continuation of the City's dedicated industrial website and use of marketing brochures.
- LEDC hired local companies to create drone footage of our parks to market to international clients when physical travel isn't possible. This strategy was very useful

during Covid as we were still able to market our sites effectively. LEDC held tours with site selectors, government offices, trade commissioners and other influencers to help cast a wide reach into our target markets.

- LEDC worked with our neighboring communities to market the region through the EDCO Investment Alliance.

Enhance our industrial land offering by making London attractive to investment

LEDC created videos, drone footage, website, social media and advertising to promote London's industrial parks for external investment attraction. A personalized concierge service was provided to prospects in our targeted industry sectors to enhance London's attractiveness.

Pricing of Municipal Industrial Land

The City land prices have remained unchanged since late 2018 which was based on modest market conditions and to help attract new investment to London while maintaining regional competitiveness.

Prior to COVID-19, the Conference Board of Canada was predicting a 1.8% increase to GDP in Canada and 1.6% GDP increase in London for 2020 (Source: Winder 2020 Metropolitan Outlook). The unemployment rate was anticipated to drop to 5.5%. As for local data, CBRE reported that in Q1 2020 there have been 6 consecutive quarters of positive net absorption for industrial space in London and the industrial availability rate fell to 2.3%, which was lower than the national average (Source: CBRE Q1 Marketview Report).

As the first case of the novel coronavirus reached Ontario in January, over the last few months closures were enforced for schools, restaurants, theatres, and non-essential businesses as the Province officially declared a State of Emergency on March 17th and the City of London on March 20th. Most recently, as restrictions are being lifted, the magnitude of the economic impact is yet to unfold. Most recent data reported by Stats Can and the Conference Board of Canada in the media shows a double digit unemployment rate for London at 11.7% and a GDP projection falling to -3.6 percent (Source: London Free Press). It's anticipated that we will continue to see a slow recovery well into 2021 and possibly 2022.

Despite having one industrial land sale already and having approximately 47 acres under contract at various stages, there is cautious optimism ahead on whether these transactions will occur or if more time will be requested by Purchasers to extend the mandatory period to build being one (1) year from date of sale.

As a result of the current economic conditions and to maintain effort to attract new investment here in London, Civic Administration is recommending no change to the current price levels. The pricing and inventory levels will be revisited again next year with another recommendation.

Conclusion

The Industrial Land Development Strategy (ILDS) has worked well since inception and progress has been made in advancing the Huron Industrial Park to nearer completion, finalizing the land assembly for Phase V Innovation Park, and collaboratively working with London Economic Development Corporation (LEDC) on retaining and attracting new investment to the City. London is well positioned regionally in terms of land inventory and pricing and continues to maintain strong competitiveness in Southwestern Ontario.

A copy of the current policy is attached for Council's information.

Acknowledgement

This report has been prepared with assistance from Stacy Badeen, Industrial Land Officer; Adam Ostrowski, Manager II, Realty Services; Chris McIntosh, Manager, Engineering Planning (Industrial Land); Gregg Barrett, Manager - Long Range Planning and Research; Mark Henderson, Director of Business Liaison and Kapil Lakhotia, President and CEO, London Economic Development Corporation.

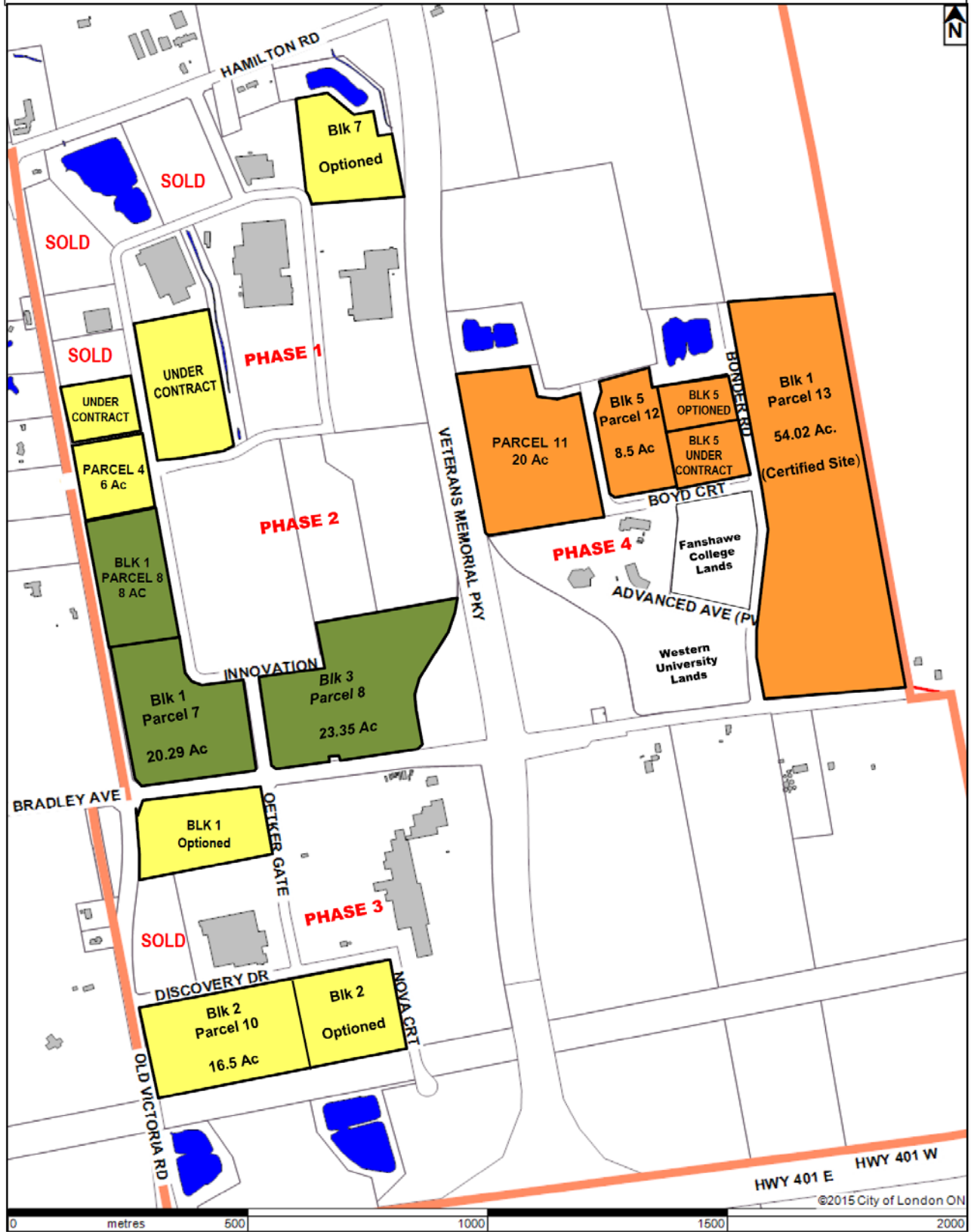
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ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICE AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

July 3, 2020
Attach.

cc: Mark Henderson, Director of Business ILDS Lead
George Kotsifas, Director of Development and Compliance Services and Chief Building Official
Kapil Lakhotia, President & CEO, London Economic Development Corporation
David G. Munteer, Assistant City Solicitor, City Solicitor's Office
Kelly Scherr, Managing Director, Environmental & Engineering Services & City Engineer

SCHEDULE 1

INNOVATION PARK - PHASES 1 - 4



SCHEDULE "1A"

**INNOVATION PARK – PHASES I TO IV
Revenue and Expense Breakdown as of December 31, 2019**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE (2006 – 2019)	\$10,857,217
Acreage Sold to Date	217.87 Acres
Average Price Per Acre (based on actual sales to date)	\$49,833 /ac
Estimated Sales Revenue on Balance of Park (210.43 Acres)	<u>\$14,728,000</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$25,585,217

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$2,054,259
Annual Taxes Per Acre (2019 Actual)	\$10,968
Cumulative Taxes to Date (2006 – 2019)	\$14,978,739

Other Subsidies

Development Charge Exemptions (CIP)	\$21,839,038
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BUDGETED EXPENSES:

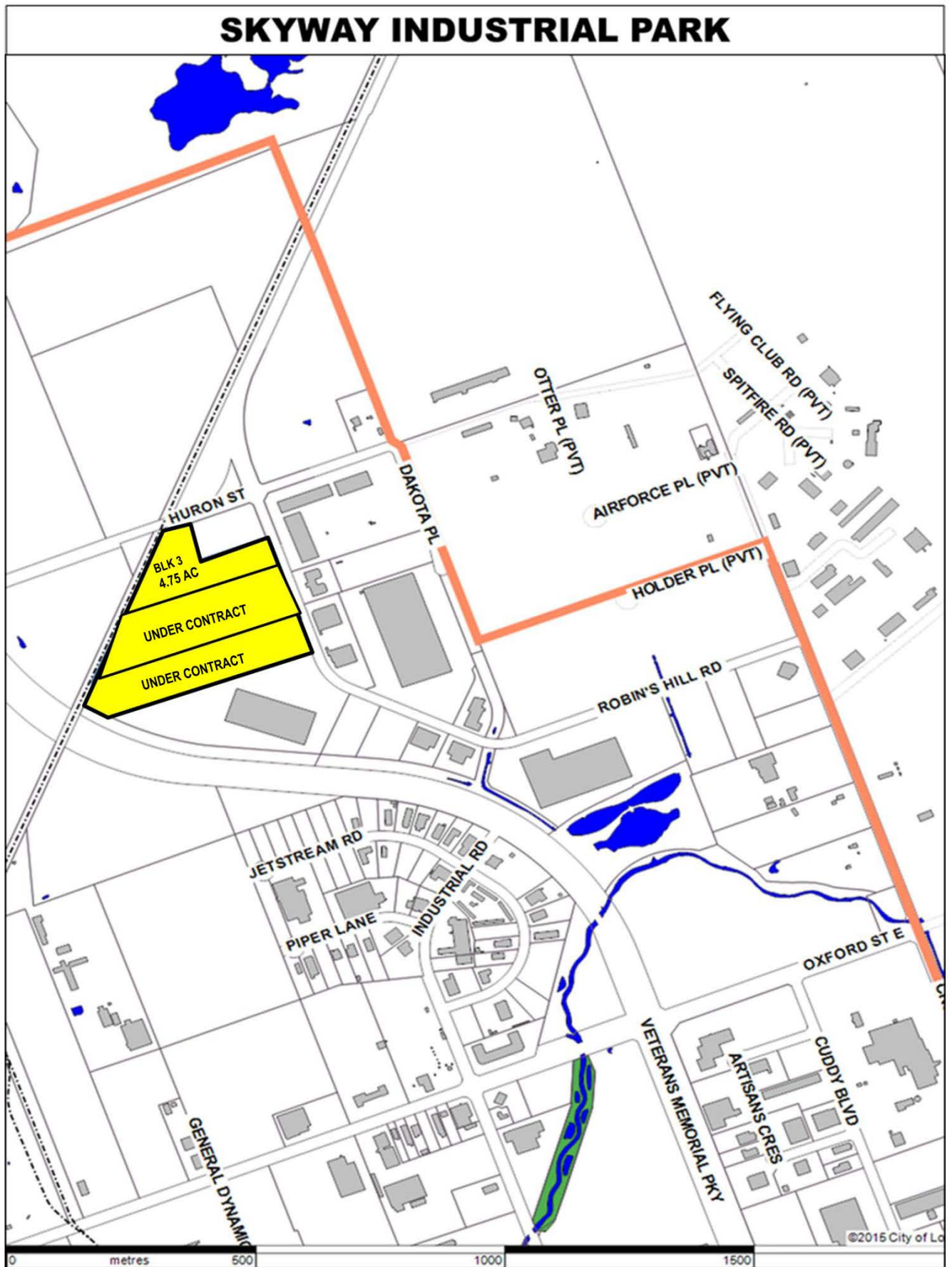
Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (477 net acres)	\$12,222,016
B) Servicing Costs: Design & Construction Costs	\$61,413,987
Less: Estimated Oversizing Component *	<u>- \$23,867,350</u>
TOTAL LOCAL SERVICES	\$37,546,637
Net Acreage of City owned Land	477 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$49,768,653
Average Expenditures Per Net Acre	\$104,337 /ac
D) SuperBuild Funding (Provincial) Senior Government Infrastructure Funding MIII Funding (Provincial)	<u>- \$17,448,457</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild, MIII & ISF Funding	\$32,320,196
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$67,757 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: - Estimates are based on Current Approved Budget Allocation as reported in JD Edwards
- Lands "under contract" are not reflected in figures above.

SCHEDULE 2



SCHEDULE "2A"

**SKYWAY INDUSTRIAL PARK
Revenue and Expense Breakdown as of December 31, 2019**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$5,003,429
Acreage Sold to Date	105.17 Acres
Average Price Per Acre (based on actual sales to date)	\$47,575 /ac
Estimated Sales Revenue on Balance of Park (26.2 Acres)	<u>\$1,834,000</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,837,429

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$1,028,861
Annual Taxes Per Acre (2019 Actual)	\$9,783
Cumulative Taxes to Date (2007 to 2019)	\$13,239,239

Other Subsidies

Development Charge Exemptions (CIP)	\$14,465,093
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BUDGETED EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

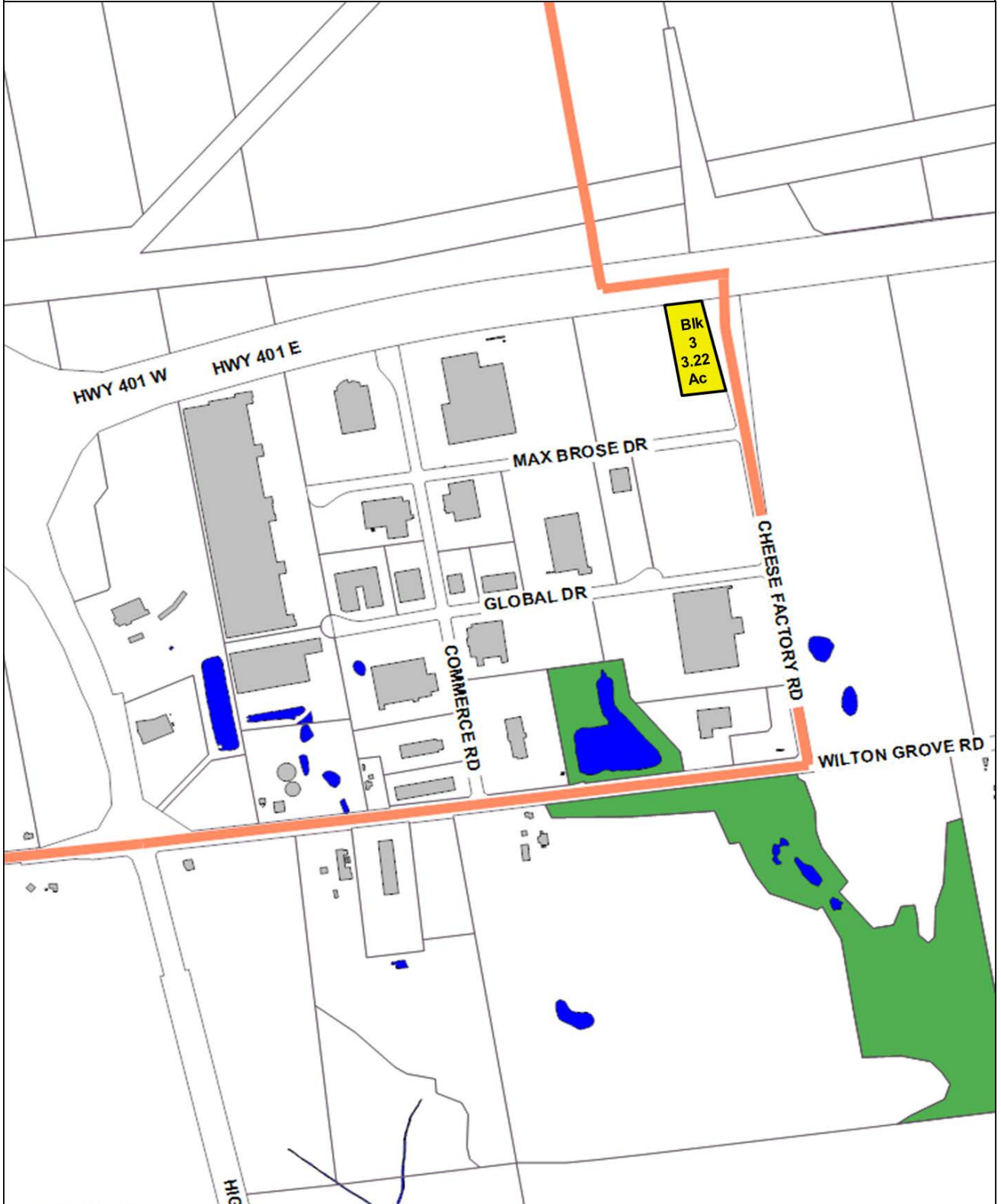
A) Land Costs: Total Land Acquisition Cost (130 net acres)	\$3,527,517
B) Servicing Costs: Design & Construction Costs	\$12,425,298
Less: Estimated Oversizing Component *	<u>- \$2,663,892</u>
TOTAL LOCAL SERVICES	\$9,761,406
Net Acreage of City owned Land	130 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$13,288,923
Average Expenditures Per Net Acre	\$102,222 /ac
D) SuperBuild Funding (Provincial) & ISF Funding (Federal)	<u>- \$4,531,616</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild & ISF Funding	\$8,757,307
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$67,364/ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 3

FOREST CITY INDUSTRIAL PARK



** ILDS implementation team is currently assessing the feasibility of Blk 3 to determine the net developable area for this parcel.

SCHEDULE "3A"

**FOREST CITY INDUSTRIAL PARK
Revenue and Expense Breakdown as of December 31 2019**

ACTUAL REVENUE AND PROJECTED REVENUE:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$6,641,405
Acreage Sold to Date	130.06 Acres
Average Price Per Acre (based on actual sales to date)	\$51,064 /ac
Estimated Sales Revenue on Balance of Park (3.2 acres @ \$80,000 per acre)	<u>\$256,000</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$6,897,405

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$1,490,235
Annual Taxes Per Acre (2019 Actual)	\$11,458
Cumulative Taxes to Date (2003 to 2019)	\$18,589,821

Other Subsidies

Development Charge Exemptions (CIP)	\$9,737,359
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EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (134 net acres)	\$5,243,912
B) Servicing Costs: Design & Construction Costs	\$10,942,326
Less: Estimated Oversizing Component *	<u>- \$1,355,040</u>
TOTAL LOCAL SERVICES	\$9,587,286
Net Acreage of City owned Land	134 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$14,831,198
Average Expenditures Per Net Acre	\$110,681 /ac
D) SuperBuild Funding (Provincial)	<u>- \$2,503,501</u>
E) TOTAL COST (A + B) Land plus Local Servicing cost - Net of Superbuild	\$12,327,697
Average Expenditures Per Net Acre (after deducting senior Government Funding)	\$91,998

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 4

RIVER ROAD INDUSTRIAL PARK



****River Road Industrial Park is sold out**

SCHEDULE "4A"

**RIVER ROAD INDUSTRIAL PARK
Revenue and Expense Breakdown as of December 31, 2019**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$2,514,399
Acreage Sold to Date	45.97 Acres
Average Price Per Acre (based on actual sales to date)	\$54,696 /ac
TOTAL ACTUAL SALES REVENUE	\$2,514,399

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$453,234
Annual Taxes Per Acre (2019 Actual)	\$9,859

EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

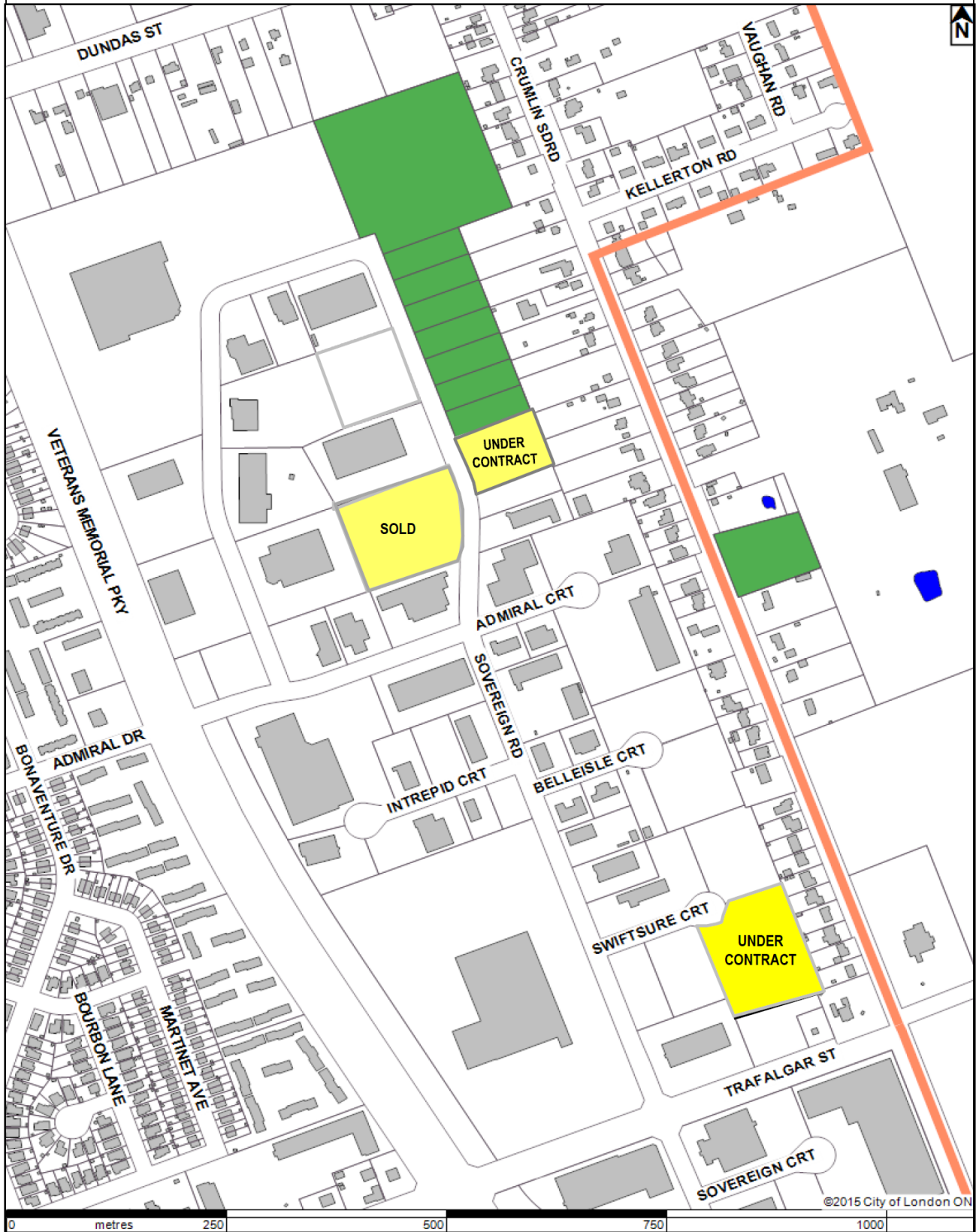
A) Land Costs: Total Land Acquisition Cost (46.2 net acres)	\$878,011
B) Servicing Costs: Design & Construction Costs	\$6,208,903
Less: Estimated Oversizing Component *	<u>- \$2,563,303</u>
TOTAL LOCAL SERVICES	\$3,645,600
Net Acreage of City owned Land	46.2 Acres
C) TOTAL COST (A + B) Land plus Local Servicing Cost	\$4,523,611
Average Expenditures Per Net Acre	\$97,914 /ac

* It should be noted that Oversizing costs are ultimately borne by the City.

Note: Estimates are based on Current Approved Budget Allocation as reported in JD Edwards

SCHEDULE 5

TRAFALGAR INDUSTRIAL PARK



SCHEDULE "5A"

**TRAFALGAR INDUSTRIAL PARK
Revenue and Expense Breakdown as of December 31, 2019**

REVENUE – ACTUAL AND ESTIMATED:

Land Sales

TOTAL LAND SALES REVENUE TO DATE	\$17,047,292
Acreage Sold to Date	356.37 Acres
Average Price Per Acre (based on actual sales to date)	\$47,835 /ac
Estimated Sales Revenue on Balance of Park (1.5 Acres)	<u>\$97,500</u>
TOTAL ACTUAL AND ESTIMATED SALES REVENUE	\$17,144,792

Annual Municipal Taxes – On Land Sales to Date

ANNUAL MUNICIPAL TAXES (2019 Actual)	\$
Annual Taxes Per Acre (2019 Actual)	\$10,697

Other Subsidies

2019 Development Charge Exemptions (CIP)	Nil
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EXPENSES:

Budgeted Acquisition, Design & Construction Costs:

A) Land Costs: Total Land Acquisition Cost (428 net acres)	\$4,408,828
B) Servicing Costs: Design & Construction Costs	\$9,022,648
TOTAL LAND AND LOCAL SERVICES	\$13,431,476
Net Acreage of City owned Land	379 Acres
Average Expenditures Per Net Acre	\$35,439 /ac

Note: - Estimates are based on Current Approved Budget Allocation as reported in JD Edwards
 - Lands "under contract" are not reflected in figures above.
 -Total Sales above is represents Trafalgar Industrial Park Phase III
 -Annual Municipal Taxes are based on all phases of Trafalgar Industrial Park.

TABLE 1

MUNICIPALITY	TOTAL ESTIMATED INDUSTRIAL LAND INVENTORY (AC)	PRICE PER ACRE	DEVELOPMENT CHARGES	DEVELOPED LANDS AVAILABLE YES/NO
BRANTFORD	0	n/a	\$7.01 / sq. ft. City wide. \$8.83 / sq. ft. intensification area	No
COUNTY OF BRANT	n/a	\$175,000.00/ac - \$200,000.00/ac	\$ 7.26 / sq. ft.	n/a
CAMBRIDGE	1.28 ac	\$315,000.00/ac	City - \$ 5.18 sq. ft. Region - \$16.07 sq. ft. (per DC By-Law may be eligible for 60% discount).	Yes
CHATHAM/KENT	132.25 ac	\$15,000.00/ac - \$50,000.00/ac	\$0.00-\$1.82 sq. ft.	Yes
GUELPH	30.8 ac	\$400,000.00+/ac	\$9.97 sq. ft.	Yes
HAMILTON	35.59 ac	n/a	\$18.02/sq.ft. (combined sewer system) \$20.18/sq. ft. (separated sewer system)	Yes
INGERSOLL	18.5	\$150,000.00/ac	\$0.00 sq.ft.	Yes
KITCHENER	n/a	n/a	CITY LAND - \$1.93 / sq. ft. SUBURBS - \$ 5.35 /sq.ft. No sanitary - \$4.06/sq.ft. No sanitary / water - \$3.97/sq.ft.	n/a
WATERLOO	n/a	n/a	\$6.69/sq. ft.	n/a
LAMPTON COUNTY	203 ac	n/a	n/a	Yes
SARNIA	245 ac	\$70,000/ac to \$85,000/ac \$50,000/ac for 5 + ac.	Urban Area -\$5.59/sq. ft. Dev. Area 2 - \$13.70/sq. ft. Rural Area- \$3.18/sq. ft.	Yes
STRATFORD	30.7 ac	\$100,000 +/- ac	\$0.00 sq.ft.	Yes
STRATHROY	113 ac	\$35,000.00/ac	\$14.42/sq. ft.	Yes
ST. THOMAS	103.72 ac	\$45,000.00+/ac	City -\$0.97/sq. ft. Dalewood Land - \$1.97/sq. ft.	Yes
WINDSOR	76.5 ac (Certified sites)	n/a	\$0.00 sq. ft.	Yes
WOODSTOCK	128 ac	\$145,000/ac - \$195,000/ac \$85,000.00 +/-ac (2019)	\$0.00 sq. ft.	Yes

Notes:

City of Brantford: No municipally owned industrial lots identified. Some privately owned industrial lots available (source: <https://sites.advantagebrantford.ca/?propertyType=Land>)
County of Brant: No municipally owned industrial lots identified for County. Several private industrial lots for sale (source: <https://availablelands.brant.ca/?lid=d884f4a-c63e-42d6-b603-5e6360c88f1>)
Cambridge: One parcel identified being 1.28 acres located in the Boxwood Industrial Subdivision. Last remaining parcel dedicated for a Fire Station. No further industrial municipal lands identified for sale (source: www.gearehouse.ca & <https://www.investcambridge.ca/en/locate-and-expand/City-Owned-Lands.aspx#pageHeading>)
Ingersoll: In February 2020 a land deal fell through and the Town now has 18.5 ac available. They have double the asking price since the original sale to \$150,000.00/ac (source: <https://www.woodstocksentinelreview.com/news/local-news/land-sale-falls-through>)
Guelph: The City's web site is indicating that they have 30.8 ac of industrial land for sale in the Hanlon Business Park. Source: <https://guelph.ca/business/economic-development-office/available-employment-land/> & www.geowarehouse.ca
Windsor: Price/acre not identifiable through online search and unable to reach City of Windsor Realty Services.
St. Thomas : Information found using Geowarehouse (Source: www.geowarehouse.ca)
Kitchener/Waterloo: No municipally owned lots identified. (Source: <https://www.kitchener.ca/en/building-and-development/building-parks-and-commercial-real-estate/>)
Chatham/Kent: Approximately 132 acres available (Source: <https://www.chatham-kent.ca/EconomicDevelopment/business-parks-and-commercial-real-estate/>)
Information will be periodically updated by Realty Services as information becomes available.

TABLE 2**ECONOMIC SPIN OFFS - INNOVATION PARK**

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Innovation Park:

EXPENDITURES	INNOVATION PARK (For 217.87 Acres Sold from 2006 - 2019)	COST/BENEFIT PER ACRE (For 217.87 Acres Sold from 2006 - 2019)
Gross expenditure on land and local services	\$ 22.87 million	\$ 104,337
(Less) Government Grants	\$ 7.96million (Superbuild, M-III & ISF)	\$ 36,580
NET expenditure on land and local services (A)	\$ 14.76 million	\$ 67,757
REVENUES		
Total Land sales over 14 years	\$ 10.8 million	\$ 48,287
Annual Municipal Industrial Taxes (2019)	\$ 2.0 million	\$ 10,968
Cumulative Industrial Taxes over 14 years	\$ 14.97 million	\$ 68,750
Building Permits	\$1.03 million	\$ 4,758
Total Cash Inflow over 14 years: (B)	\$ 26.87 million	\$ 123,343
Net Cash Position after 14 years (B – A)	\$ 12.1 million	\$ 55,743
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$21.82 million	\$100,174
ECONOMIC BENEFITS (Provided by LEDC) (over 14 years)		
Employment Created	1,550 Direct Jobs 1,365 Indirect Jobs	7.11 Direct Jobs 6.26 Indirect Jobs
Income Generated	\$140 million	\$642,000

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and Per Acre amounts for Gross and Net Expenditures above have been pro-rated for lands which have sold to date.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the industrial park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Net Cash Position will continue to increase over time as industrial park sells out.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Economic Benefits (LEDC Data) up to and including 2019.
- Building Permit Fees up to and including 2019.

TABLE 3**ECONOMIC SPIN OFFS - SKYWAY INDUSTRIAL PARK**

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Skyway Industrial Park:

EXPENDITURES	SKYWAY PARK: (For 105.17 Acres Sold from 2007 to 2019)	COST/BENEFIT PER ACRE (For 105.17 Acres Sold from 2007 to 2019)
Gross expenditure on land and local services	\$ 10.7 million	\$ 102,222
(Less) Government Grants	\$ 3.6 million (Superbuild)	\$ 34,859
NET expenditure on land and local services: (A)	\$ 7.1 million	\$ 67,364
REVENUES		
Total Land sales over 13 years (105.17 acres)	\$ 5.0 million	\$ 47,575
Annual Municipal Industrial Taxes (2019)	\$ 1.02 million	\$ 9,782
Cumulative Industrial Taxes over 13 years	\$ 13.23 million	\$ 125,884
Building Permits	\$ 881,064	\$ 8,377
Total Cash Inflow over 13 years: (B)	\$ 19 million	\$ 181,836
Net Cash Position after 13 years (B – A)	\$ 11.9 million	\$ 114,472
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 14.4 million	\$ 137,540
ECONOMIC BENEFITS (Provided by LEDC) (over 13 years)		
Employment Created	650 direct jobs 570 indirect jobs	6.1 direct jobs 5.4 indirect jobs
Income Generated	\$59 million	\$550,000

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 1 acre is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Economic Benefits (LEDC Data) up to and including 2019.
- Building Permit Fees up to and including 2019.

TABLE 4**ECONOMIC SPIN OFFS – FOREST CITY INDUSTRIAL PARK**

The following analysis on job and tax generation resulting from the City's Industrial Land Development Strategy (ILDS) was prepared with input from the London Economic Development Commission (LEDC). This analysis has not been reviewed by Finance Staff.

Summary table to illustrate return on investment (ROI) on Forest City Industrial Park:

EXPENDITURES	FOREST CITY PARK (For 130.06 Acres Sold from 2003 to 2019)	COST/BENEFIT PER ACRE (For 130.06 Acres Sold from 2003 to 2019)
Gross expenditure on land and local services	\$ 14.4 million	\$ 110,681
(Less) Government Grants	\$ 2.4 million (Superbuild)	\$ 18,683
NET expenditure on land and local services: (A)	\$ 12.0 million	\$ 91,998
REVENUES		
Total Land sales over 17 years	\$ 6.6 million (from 130.06 acres)	\$ 51,064
Annual Municipal Industrial Taxes (2019)	\$ 1.4 million	\$ 11,458
Cumulative Industrial Taxes over 17 years	\$ 18.5 million	\$ 142,932
Building Permits	\$ 540,170	\$ 4,153
Total Cash Inflow over 17 years: (B)	\$ 25.7 million	\$ 198,150
Net Cash Position after 17 years (B – A)	\$13.7 million	\$ 105,335
OTHER SUBSIDIES		
Development Charge Exemptions (CIP)	\$ 9,737,359	\$ 73,308
ECONOMIC BENEFITS (Provided by LEDC) (over 17 years)		
Employment Created	2,048 direct jobs 1,802 indirect jobs	15.75 direct jobs 13.86 indirect jobs
Income Generated	\$184 million	\$1.4 million

Note: These estimates have been provided by the City of London and LEDC.

Additional Notes & Assumptions:

- The totals and per acre amounts for Gross and Net expenditures above have been pro-rated for lands which have sold to date.
- Approximately 3.2 acres is under option and not included in above calculations.
- Municipal Residential Taxes are defined as the estimated taxes generated from the housing impact of new direct and indirect employment created by the industrial park development.
- Net Cash Position above is based on lands which have currently sold to date.
- No expenditures shown for maintenance related costs for the business park.
- LEDC multiplier for indirect jobs is 88%.
- Indirect jobs are defined as employment created through construction, raw material providers, local supply chains, transportation, logistics, maintenance and other spin-off businesses that benefit from the industrial park development.
- Direct jobs are defined as employment created directly by the companies purchasing land within the industrial park.
- Information contained herein has not been verified by the Property Tax Department or Finance Department.
- Return is based on a building coverage ratio of 17 to 23 percent.
- Economic Benefits (LEDC Data) up to and including 2019.
- Building Permit Fees up to and including 2019.