

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Scott Mathers, MPA, P. Eng
Deputy City Manager, Planning and Economic Development

Subject: Core Area Land and Building Vacancy Reduction Strategy

Date: May 30, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions be taken with respect to a proposed strategy that sets out potential tools that may assist in reducing core area land and building vacancy:

- a) The staff report dated May 30, 2023, entitled Core Area Land and Building Vacancy Reduction Strategy **BE RECEIVED**;
- b) The City of London Core Area Land and Building Vacancy Reduction Strategy attached hereto as Appendix "A" **BE RECEIVED**;
- c) The strategic initiatives identified in this Strategy that can be addressed through existing budgets **BE IMPLEMENTED**;
- d) Civic Administration **BE DIRECTED** to submit business cases for strategic initiatives in the Core Area Land and Building Vacancy Reduction Strategy requiring additional investment through the 2024-2027 Multi-Year Budget process.

IT BEING NOTED that some business cases submitted to address other Council priorities may also address, in whole or in part, strategic initiatives of the Core Area Land and Building Vacancy Reduction Strategy.

Executive Summary

This report provides an overview of the attached City of London Core Area Land and Building Vacancy Reduction Strategy, submitted in response to the July 6, 2021, Municipal Council direction to report back on a proposed strategy that sets out potential tools that may assist in reducing Core Area land and building vacancy. In addition, at its meeting on May 25, 2021, City Council also directed Civic Administration to report back to a Strategic Priorities and Policy Committee meeting to be held in the second quarter of 2022 on the status of the geographic distribution of parking demand, parking revenue, and any recommended modifications or alternatives to the Core Area Action Plan Action Item #11; it being noted that future structure parking opportunities will also be explored.

Linkage to the Corporate Strategic Plan

The Core Area Land and Building Vacancy Reduction Strategy aligns with the following areas of focus included in the City of London Strategic Plan:

Economic Growth, Culture, and Prosperity

- Outcome 1: London encourages equitable economic growth and diversification.
 - 1.2 Increased and diversified economic activity from London's Core Area.
- Outcome 4: London's Core Area (Downtown, Midtown, Old East Village) is a vibrant neighbourhood and attractive destination.
 - 4.1 Increased and diversified economic activity from London's Core Area.
 - 4.2 Increased residential occupancy and livability in the Core Area.
 - 4.3 Increased commercial occupancy in the Core Area.

- 4.4 More activities and events in the Core Area, offering diverse and inclusive experiences.
- 4.5 Increased safety in the Core Area.

Wellbeing and Safety

- Outcome 2: London is an affordable and supportive community for individuals and families.
 - 2.1 Housing in London is affordable and attainable.

Linkage to the Climate Emergency Declaration

On April 23, 2019, Municipal Council declared a Climate Emergency. The Core Area Land and Building Vacancy Reduction Strategy supports the City’s commitment to reducing and mitigating climate change by assisting with the implementation of the strategic areas of focus intended to Transform Buildings and Development by encouraging the adaptive reuse of existing buildings and intensification of existing urban areas.

Background Information

1.0 Previous Reports Related to this Matter

- June 7, 2022 – Strategic Priorities and Policy Committee – Inventory of Current Actions Addressing Core Area Land and Building Vacancy
- March 8, 2022 – Strategic Priorities and Policy Committee – Core Area Action Plan 2021 Review
- November 30, 2021 – Strategic Priorities and Policy Committee – Strategy to Reduce Core Area Vacancy
- May 18, 2021 – Strategic Priorities and Policy Committee – Comprehensive Report on Core Area Initiatives
- October 28, 2019 – Strategic Priorities and Policy Committee – Core Area Action Plan

Discussion and Considerations

2.0 Origin and Development of the Strategy

At the June 23, 2021, meeting of the Strategic Priorities and Policy Committee it was noted that “during his 2021 State of the City address, Mayor Holder set a goal for our city: to achieve functional zero for chronic homelessness in London within five years through the creation of 3,000 new affordable housing units... In addition, we have seen the many challenges faced by our core areas in the aftermath of the COVID-19 pandemic. City Council has made substantial investments in these areas to help with their recovery. To achieve success with both issues – 3,000 new affordable housing units plus Core Area recovery we must ensure that we explore all options and all resources at our disposal, be that land ready for development, as well as buildings available to be repurposed.”

Five key phases resulted in the development of the Core Area Land and Building Vacancy Strategy:

- **Phase 1: Council Direction:** On July 6, 2021, Municipal Council resolved that Civic Administration be directed to report back on a proposed strategy that sets out potential tools that may assist in reducing Core Area land and building vacancy.
- **Phase 2: Terms of Reference Development:** Between August 2021 and November 2021, five Action Teams were formed to each focus on one of the five clauses cited in the July 6 Council Resolution. The Scope of Work developed by each Action Team was collated into a project Terms of Reference, adopted by City Council on December 7, 2021.

- **Phase 3: Identification of Current Actions:** From January 2022 – May 2022, an inventory of City of London actions already being implemented by City staff that indirectly or directly address Core Area land and building vacancy was prepared. Action Teams inventoried new and ongoing actions that are part of the City of London's business operations, which served as the starting point from which the Core Area Land and Building Vacancy Reduction Strategy was developed.
- **Phase 4: Research to Inform the Strategy:** There were a series of research activities conducted to gather qualitative and quantitative data to provide foundational information to inform the Core Area Land and Building Vacancy Reduction Strategy. These included a Core Area Land and Building Vacancy Study, commissioned subject-specific real estate economic research, and confidential interviews with partners, realtors, and major landlords and developers completed by Tate Economic Research Inc., as well as a Municipal Scan and Action Team Research completed by City staff.
- **Phase 5: Strategy Development:** The Project Team, in consultation with Tate Economic Research, drafted strategic initiatives based on information gathered in Phase 4, informed by expert opinion, collaborator insights, consideration of macro factors and global trends, local data, evidence-based municipal practices and current real estate market realities. Draft initiatives were then vetted for their feasibility in the local (London) context through an extensive review and revision process with Action Team members and the Senior Leadership Team.

2.1 Scope of the Strategy and Key Findings

The City of London Core Area Land and Building Vacancy Reduction Strategy has four integrated Areas of Focus, first and foremost addressing property-initiatives, with supporting strategic initiatives related to people, place, and promotion.

- **Property:** Renovate, adapt, or transform vacant commercial properties.
- **People:** Foster people living, working, and visiting the Core area.
- **Place:** Create a high-quality environment where people want to be.
- **Promotion:** Generate demand to fill vacant commercial properties.

While these economic investment strategies can assist London in addressing land and building vacancy, there is foundational work that needs to be done that is outside of the scope of the Core Area Land and Building Vacancy Reduction Strategy to maximize the potential for these strategies to be successful. Groups consulted most often cited that social issues being experienced in the Core Area need to be addressed first. Therefore, there is an inherent assumption in the Core Area Land and Building Vacancy Reduction Strategy that economic, health, and social issues being experienced in the Core Area that affect vacancy will be addressed in tandem through other City of London plans and initiatives with the support of community partners.

Field research of the entire Core Area, coupled with analysis of secondary data sources was conducted by Tate Economic Research in 2022 for the Core Area Land and Building Vacancy Study. The content in the subsections below provides a “snapshot” of that study's findings. More information on Core Area land and building vacancy in London can be found in Appendix A.

Commercial property is the economic mainstay of the Core Area. It contributes a significant share of municipal property tax revenues. In the Downtown boundary alone, being only 0.2% of the City's total land area, the most recent pre-pandemic data indicated it generated between 5.4% and 5.5% of the city's property tax revenues. Business Improvement Associations, funded by a levy on commercial property taxes, are significantly impacted by the health of the local commercial property market.

Commercial Office Vacancy

- Commercial offices are often daytime work sites that generate regular employee-trip visits to the Core Area and provide a built-in customer base for other commercial enterprises in the Core Area economic ecosystem. As of the third quarter (Q3) 2022, there was approximately 1,190,983 square feet of vacant commercial office space within the Core Area and 3,654,171 square feet of occupied space. This space represents a total of 4,845,154 square feet of Class A, Class B and Class C office space in 60 buildings as defined by the real estate brokerage firm CBRE. This represents a vacancy rate of 24.6%.
- While COVID-19 has resulted in an increase in vacancy, the difference between pre COVID-19 (Q3 2019) and Q3 2022 is approximately 6%. Therefore, it can be inferred that there is a market structural issue with London Core Area commercial office vacancy, specifically in the B and C classes.
- Vacant space is highly concentrated by ownership. A total of 40.4% of vacant Class A space is under one ownership, 69.9% of vacant Class B space is under one ownership, and 84.5% of vacant Class C space is under one ownership. Of the 1,190,983 total square feet of vacant Core Area commercial office space, one owner owns 698,377 square feet (59%). All are B and C class properties.

Ground Floor Retail Commercial Vacancy

“Sidewalk-facing” and other ground floor retail commercial space are work sites, occupied in the daytime and evening, which contribute to the apparent vitality, visitor interest, and perceived safety of major Core Area streets. They can serve region-wide and local neighbourhood client bases.

- There is approximately 409,200 square feet of ground floor retail commercial vacant space within the Core Area and 1,827,900 square feet of occupied space for a total of 2,237,100 square feet. This represents a vacancy rate of 18.3%.
- The Core Area was analyzed in three sub-areas: Downtown, Midtown and Old East Village. All these sub-areas exhibit high vacancy rates:
 - Old East Village has the highest vacancy rate at 24.5%, with approximately 86,000 square feet of vacant space;
 - Downtown has the most vacant space. There is approximately 308,900 square feet of vacant space resulting in a vacancy rate of 17.4%; and
 - Midtown has a relatively small amount of vacant space at 14,300 square feet and a vacancy rate of 12.6%.
- In terms of building characteristics:
 - 98% of the vacant units in Old East Village are considered to have B & C building characteristics.
 - 64% of the vacant units in Downtown are considered to have B & C building characteristics.

Properties With No Buildings on Them

Unbuilt properties connected to City infrastructure and multiple transportation access options represent opportunities of investment returns for developers and potential for higher municipal property tax revenues. While a certain proportion of “development ready” vacant sites are normal, a high incidence of unbuilt properties in the Core Area can have negative implications for its visual appeal, break up pedestrian connectivity, and exacerbate cleanliness and safety challenges.

- There are 13 vacant land parcels within the Core Area. The average parcel size is 0.17 acres. Combined these vacant land parcels total 2.19 acres. There are 67 surface paid parking lots in the Core Area. Combined these vacant land parcels total 29.32 acres, an amount of territory roughly equal to six city blocks of the size occupied by Budweiser Gardens.

- The average size of a surface paid parking lot is 0.44 acres, which is roughly double the footprint of the property at 431 Richmond Street (i.e., the Shoppers Drug Mart commercial mixed-use building) covering approximately 0.24 acres.

Residential Rental Vacancy

- The vacancy rate in the privately initiated purpose-built apartment rental market in the Core Area was 1.6% in 2022.
- This compares to 1.7% in the City of London overall.

London's Core Area residential vacancy rate is higher than central neighbourhoods of other Ontario cities such as Kitchener and Guelph, but lower than the Windsor Downtown neighbourhood. This confirms demand for residential space remains high in the Core Area.

2.2 Summary of Strategy and Implementation

There are 23 strategic initiatives in the integrated four areas of focus that form the foundation of the City of London Core Area Land and Building Vacancy Reduction Strategy.

- Most (13) are strategic property initiatives aimed at making it easier or faster to improve vacant commercial properties to better meet contemporary marketplace demands for commercial occupancy or adapt them for other uses, primarily residential occupancies. A combination of policy and regulatory tools and financial subsidies for physical improvements for specific occupancy objectives are included.
- Four strategic people initiatives address the need to foster Core Area occupancies by helping Londoners and outside entrepreneurs and investors populate vacant space. They offer new roles the City can fill to attract occupancies of strategic community value and open new opportunities for populations that may face inhibitors to participating in the Core Area economic ecosystem.
- Four strategic place initiatives are proposed investments intended to make the Core Area look more presentable and feel more livable and secure. These support research findings which consistently indicated long-term economic resiliency depends heavily on attending to these locational qualities of place.
- Two strategic promotion initiatives address an identified need for a consistent coordinated focus on tracking and promoting commercial property occupancy opportunities.

The City of London Core Area Land and Building Vacancy Reduction Strategy will take time, effort, and resources to implement. Its successful implementation will need strong stewardship, focused coordination, and transparent accountability. This will be done through the development of concrete action plans, identification of staff to lead this work, and measurement of progress through key metrics.

Further, the overall positive performance of the strategic initiatives will require addressing the economic, health, and social issues being experienced in the Core Area that influence and affect land and building vacancy.

Accurate data provides a critical foundation to understanding whether a strategic initiative is having the desired effect. Therefore, 2022 baseline data collected through the Core Area Land and Building Vacancy Study will be updated at regular intervals to ensure accurate data is available to inform decisions and monitor progress.

In addition, through the Core Area Land and Building Vacancy Reduction Strategy there is a commitment to consistent and accurate monitoring and reporting, which will occur through the City of London's Strategic Plan reporting processes.

Most importantly, this work cannot be done alone. The path forward will require a commitment to cooperate on Strategy implementation among City staff, partner organizations, realtors, major landlords, developers, and many other stakeholders.

2.3 Parking

Clause c) in the July 6, 2021, Council direction that initiated the Core Area Land and Building Vacancy Reduction Strategy included the following request:

- e) an assessment of the related strategies in Our Move Forward - London's Downtown Plan, and the Downtown Parking Strategy for any recommended updates or changes;

The 2017 Downtown Parking Strategy utilization by area (as shown below) was based on 2014 weekday peak period utilization. The 2014 peak period parking utilization is based on parking counts which were undertaken by a third party in September 2014.



Consultation undertaken in preparation of the Core Area Land and Building Vacancy Reduction Strategy included observations and offered suggestions to address the location, amount, tenure, cost, and demand for parking as it relates to vacancy rates. A forthcoming report in June 2023 will provide further discussion of parking in the core and will include several core area parking initiatives for Council's consideration.

Financial Impact

Strategic Initiatives that require financial resources to implement will need to be referred to the Multi-Year Budget process, and business cases will need to be prepared and approved. Several of these include proposed amendments to Community Improvement Plans and recommended changes to Financial Incentive Programs which have been submitted recently for Council consideration.

Conclusion

There is a significant public interest to be considered in addressing land and building vacancy in London's Core Area. These vacancies affect commercial assessed property values which has a community impact beyond the property owners themselves. Rebalancing Core Area uses from a traditionally commercial property-weighted function to achieve broader aims in community building and sustainability is a conversation happening in varying degrees across Canada. Functionally feasible building conversions serving market rate and affordable housing in a variety of unit sizes and more effective use of serviced land may reduce vacancies while also addressing other municipal strategic priorities.

The City of London's Core Area Land and Building Vacancy Reduction Strategy sets out potential tools that may assist in reducing Core Area land and building vacancy. While each of the areas of focus in it are important, this is foundationally a property-based strategy, meaning that occupancy ready property must be available to reduce Core Area land and building vacancy.

The overall positive performance of its 23 proposed strategic initiatives will first require addressing the economic, health, and social issues being experienced in the Core Area that influence and affect land and building vacancy. The development of concrete action plans and business cases, as well as ongoing monitoring will support the effective implementation of the Core Area Land and Building Vacancy Strategy.

Prepared by:

**Jim Yanchula, MCIP RPP
Manager, Core Area and Urban
Regeneration**

Submitted by:

**Stephen Thompson, MCIP RPP
Director, Economic Services and Supports**

Recommended by:

**Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and
Economic Development**

Attachment: Appendix A – City of London Core Area Land and Building Vacancy Reduction Strategy

May 2023

City of London **Core Area Land and Building**

Vacancy Reduction Strategy

Prepared by:
Economic Services and Supports
City of London



London
CANADA

Acknowledgments

We would like to thank the individuals and organizations who contributed their expertise and experience in developing the Core Area Land and Building Vacancy Reduction Strategy. This Strategy would not have been possible without your contributions to this important work.

Partner Organizations

- Downtown London BIA
- London Economic Development Corporation
- Mainstreet London
- Old East Village BIA

Realtors

- CBRE
- Cushman & Wakefield Ltd.
- Gleed Commercial Realty
- Peter Mullins Realty
- The Prime

Major Landlords

- Auburn Developments
- Bluestone Properties
- Citi Plaza London Inc.
- Drewlo Holdings
- Europro
- Farhi Holdings Corporation
- Glen CORR
- London Development Institute
- Old Oak / Summit
- Sifton Properties
- The Tricar Group
- York Developments

Municipalities

- City of Calgary
- City of Cambridge
- City of Edmonton
- City of Guelph
- City of Hamilton
- City of Kitchener
- City of Regina
- City of St. Catharines
- City of St. John's
- City of Waterloo
- City of Windsor
- Halifax Regional Municipality

External Contributors

- Tate Economic Research

Action Team & Project Team Members

- Building
- Economic Services and Supports
- Emergency Management and Security
- Financial Services
- Housing Stability Services
- Municipal Compliance
- Municipal Housing Development
- Planning and Development
- Realty Services
- Strategic Communications and Government Relations
- Transportation and Mobility

Table of Contents

Section 1.0:	
Introduction	5
1.1 Background and Context	5
1.2 A Map of the Core Area	6
1.3 Purpose and Scope of the Strategy	7
1.4 How the Strategy Was Developed	8
1.5 Alignment with Other Strategic Plans and Initiatives in London	11
1.6 Key Terms and Definitions	12
Section 2.0:	
Macro Factors and Trends	14
2.1 How Core Area Land and Building Vacancies Affect Cities	14
2.2 Macro Factors That Have Contributed to Vacancy	16
2.3 Global Trends Related to Core Area Land and Building Vacancy	18
Section 3.0:	
Land and Building Vacancy in London	24
3.1 Core Area Land and Building Vacancy Study Results	24
3.2 Consultation Summary	29
3.3 Core Area Market Profiles	32
Section 4.0:	
Our Plan of Action	38
4.1 Introduction	38
4.2 Strategic Area of Focus 1: Property	40
4.3 Strategic Area of Focus 2: People	47
4.4 Strategic Area of Focus 3: Place	50
4.5 Strategic Area of Focus 4: Promotion	53
Section 5.0:	
Implementation	55
5.1 Strategy Implementation	55
5.2 Monitoring and Reporting	55
Sources	56

Section 1.0:

Introduction

1.1 Background and Context

A vibrant Core Area is one where people live, work, play, and visit. There are many micro and macro factors that directly and indirectly influence the perception, location, type, and occurrence and reoccurrence rate of Core Area land and building vacancy. However, occupancy is essential for a strong, vibrant, and welcoming Core Area; it brings foot traffic to streets, riders to public transit, diners to restaurants, shoppers to retail and service businesses, and employees to work sites.

Although addressing Core Area land and building vacancy has been a priority in the City of London's downtown planning through the years, its urgency and importance has become more critical as London plans its recovery from the COVID-19 pandemic. Left unaddressed, Core Area vacancy will continue to affect the local economy, quality of life, job creation and retention, and vitality of the Core Area.

Occupancy is essential for a strong, vibrant, and welcoming Core Area.

1.2 A Map of the Core Area

The Core Area encompasses most of the London Downtown Business Improvement Area (BIA) and the Old East Village Business Improvement Area (BIA) and includes the following defined boundaries:

Downtown –

the portion of the Core Area south of Queen Street and west of Colborne Street

Midtown –

the portion of the Core Area east of Colborne Street and west of Adelaide Street

Richmond Row –

the portion of the Core Area centered on Richmond Street north of Queen Street

Old East Village –

the portion of the Core Area east of Adelaide Street

Minor adjustments, as described in Section 3.0, were made to these boundaries in relation to information collected during The Core Area Land and Building Vacancy Study.

Figure 1: Map of the Geographic Boundaries of the Core Area



1.3 Purpose and Scope of the Core Area Land and Building Vacancy Reduction Strategy

The Core Area Land and Building Vacancy Reduction Strategy serves as a guide to address Core Area land and building vacancy in London. It is first and foremost a property-based strategy, with supporting strategic initiatives related to people, place, and promotion.

Core Area land and building vacancy cannot be addressed in a vacuum. Many factors influence vacancy that are outside of the scope of the Core Area Land and Building Vacancy Reduction Strategy. Therefore, there is an inherent assumption that economic, health, and social issues being experienced in the Core Area that affect vacancy will be addressed in tandem through other City of London plans and initiatives with the support of community partners. Many of these plans and initiatives are already underway.

1.4 How the Core Area Land and Building Vacancy Reduction Strategy Was Developed

Five key phases resulted in the development of the Core Area Land and Building Vacancy Reduction Strategy:

Phase 1: **Council Direction**

On July 6, 2021, Municipal Council resolved that Civic Administration be directed to report back on a proposed strategy that sets out potential tools that may assist in reducing Core Area land and building vacancy.

This included but was not limited to:

- a. a review of existing incentive programs and any recommended changes to them;
- b. a review of existing planning processes/permissions and any recommended changes that would allow for the conversion of vacant commercial/industrial land/space into residential, including affordable housing;
- c. an assessment of the related strategies in Our Move Forward – London’s Downtown Plan, and the Downtown Parking Strategy for any recommended updates or changes;
- d. any recommendations that build on the Core Area Action Plan to support increased safety and security of person and property in the Core Area; and,
- e. an assessment of how a new strategy could be integrated with the work of the London Community Recovery Network.

Phase 2:

Terms of Reference Development

Between August 2021 and November 2021, five Action Teams were formed to focus on each one of the areas in the July 6 Council Resolution.

The Action Teams were comprised of staff from across the Corporation. Each Action Team met three times over a six-week period to discuss how to effectively address the July 6 Council Resolution objectives. The Scope of Work developed by each Action Team was collated into the *Terms of Reference: Scope of Work to Address the Council Resolution from July 6, 2021* (Terms of Reference). The Terms of Reference outlined how the Core Area Land and Building Vacancy Reduction Strategy is to be developed. The Terms of Reference, adopted by City Council on December 7, 2021, can be found on the City of London's [website](#).

Phase 3:

Identification of Current Actions

From January 2022 – May 2022, an inventory of City of London actions being implemented by City staff that indirectly or directly address Core Area land and building vacancy was prepared.

Action Teams identified new and ongoing actions that are part of the City of London's business operations. The inventory included an analysis of the actions, how they may contribute to reducing Core Area land and/or building vacancy, and their expected results. The actions documented in the inventory serve as the starting point from which the Core Area Land and Building Vacancy Reduction Strategy was developed. The inventory of current actions can be accessed on the City of London's [website](#).

Phase 4:

Research to Inform the Strategy

There were a series of research activities conducted to gather qualitative and quantitative data to provide foundational information to inform the Core Area Land and Building Vacancy Reduction Strategy.

These included:

- **Core Area Land and Building Vacancy Study:** The purpose of the Core Area Land and Building Vacancy Study was to collect, document, and analyze data regarding land and buildings located in London's Core Area. Conducted by Tate Economic Research Inc., this work also included interviews with partners, realtors, and major landlords and developers. The deliverables of the study were a Core Area Land and Building Vacancy Study Report and a Core Area Land and Building Vacancy Inventory. Summary research results can be found in Section 3.0 within this document.
- **Municipal Scan:** The Project Team, consisting of staff from the City of London, conducted interviews with 12 municipalities across Canada, including Calgary, Cambridge, Edmonton, Guelph, Halifax, Hamilton, Kitchener, Regina, St. Catharines, St. John's, Waterloo, and Windsor. Municipalities were asked about any current plans that focus on addressing land and building vacancy in their Core Areas, the approaches used to address vacancy, what they have learned by addressing vacancy, and any financial incentives or policies in place.
- **Action Team Research:** Action Teams, made up of City of London staff, each identified a set of research questions to gather the appropriate data to support the development of recommendations to address the July 6, 2021, Council Resolution. Working collaboratively across the enterprise, Action Team members facilitated discussions with internal and external experts, reviewed research, and sought out emerging and evidence-based practices. Action Team members then crafted a series of recommendations which were provided to the Project Team for review and consideration for inclusion in the Core Area Land and Building Vacancy Reduction Strategy.

Phase 5:

Strategy Development

The Project Team, in consultation with Tate Economic Research Inc., reflected on the results from the Core Area Land and Building Vacancy Study and Municipal Scan, as well as the recommendations from the Action Teams through a series of strategic initiative development sessions.

The draft strategic initiatives were validated through an extensive review and revision process with Action Team members. The results of the strategic initiatives development process can be found in Section 4.0 of this report.

1.5 Alignment with Other Strategic Plans and Initiatives in London

The Core Area Land and Building Vacancy Reduction Strategy supports and aligns with other City of London plans that have proactive, intentional strategic initiatives related to the occupancy of land and buildings in London. This includes the City of London's Strategic Plan 2023 – 2027 and the Roadmap to 3,000 Affordable Units. Further, [actions originating from other initiatives that are already being implemented](#) by the City of London to directly and indirectly address land and building vacancy in the Core Area have also been reviewed and considered throughout the development of the Core Area Land and Building Vacancy Reduction Strategy.

1.6 Key Terms and Definitions

The following key terms are included in this document:

Building Class: Building class definitions categorize office buildings as Class A, Class B, and Class C. The inventory of office space in a metropolitan market makes a distinction between Class A, Class B, and Class C buildings. Class B and Class C definitions are based on Class A definitions. A building's classification is relative to other properties in a given market.

- **Class A Buildings:** The most prestigious office buildings with the most amenities in the best locations. They generally are the most attractive buildings built with the highest quality materials and construction methods.
- **Class B Buildings:** These office buildings are a grade below Class A. Generally, they are slightly older buildings with good management and quality tenants.
- **Class C Buildings:** This is the lowest grade for useable office buildings. These office buildings are generally older and may be located on less desirable streets in older sections of the city, for example. Many of these buildings usually have higher than average vacancy rates for their market. Older, less desirable architecture, limited infrastructure, and antiquated technology define these buildings. For these reasons, Class C buildings offer lower rental rates and can be more difficult to lease. Many times, these buildings are targeted for re-development.



Class A Example: One London Place



Class B Example: 171 Queens Ave.



Class C Example: 148 York St.

Land and Building Vacancy Type: The term *land and building vacancy type* is limited to commercial properties having vacant space in buildings, or unbuilt properties which could be legally occupied by a building containing commercial office and retail, residential, and/or industrial uses.

- **Vacant Buildings:** The term *vacant buildings* refers to properties with commercial office and retail, residential, and industrial floor area in buildings that are unoccupied, or occupied but expected to be available or on the market for occupancy.



383 Richmond St.

- **Properties With No Buildings on Them:** This category has two subsections: vacant land and surface paid parking lots. The term *vacant land* refers to “developable” property without a permanent structure or building on it and serving no commercial use. The term *surface paid parking lots* does not include private accessory parking lots assigned only for private/customer use. The inclusion of this category assumes that surface paid parking is an interim use for future building.



Vacant Land at 175 King St.



Kent St. Surface Paid Parking Lot is a potential development site.

Section 2.0:

Macro Factors and Trends

2.1 How Core Area Land and Building Vacancies Affect Cities

The impacts of land and building vacancies have been widely felt in Core Areas all over the world. Empty commercial office buildings mean fewer people regularly visiting retail businesses. Fewer “eyes on the street” can lead to more property crime and vandalism.

Core Area buildings often make up a disproportionate share of a city’s tax base because of the traditionally high property assessment value attributable to their size and location. Without these buildings being occupied, property tax revenue declines, which directly impacts the ability to deliver municipal services, maintain infrastructure and transit, and keep a city clean and safe – all of the things that really matter to a vibrant community.

Fewer people consistently visiting the Core Area can also translate into less spending on meals, shopping, and entertainment resulting in decreased revenue for restaurants, retailers, and other businesses that drive a city’s economic engine. It makes it difficult to attract visitors and retain talent and businesses, resulting in fewer employment opportunities for residents. It also makes it harder to attract the institutional and private capital needed for a city to grow.

As vacancy becomes an increasingly visible part of a cityscape, vacant buildings become expensive eyesores. All of this leads to a lack of vibrancy and a declining Core Area, with ripple effects felt across an entire city and region.

Vacant buildings affect a city’s economic engine.



CUSHMAN & WAKEFIELD
Southwestern Ontario
FOR LEASE
TYLER DESJARDINE *
519 438 5588
cushwakeswo.com

FARHI
FOR LEASE
Farhi.ca | 519.645.6666

KOSMOS EATERY

As vacancy becomes an increasingly visible part of a cityscape, declining visits to the Core Area have wider economic implications.

2.2 Macro Factors That Have Contributed to Core Area Land and Building Vacancy

Core Areas have faced unique social, health, and economic challenges as a result of the COVID-19 pandemic. While the issues related to Core Area vacancy manifest in different ways, they are often related to the same driving factors. Each factor is complex, and the content below serves only as an introduction to provide context for the Core Area Land and Building Vacancy Reduction Strategy. Macro factors include, but are not limited to:

The Need for Core Areas to Evolve

Prior to the COVID-19 pandemic, many cities were facing emergent challenges in their Core Area. Flexible work hours and remote work trends were on the rise, and the impact of Core Areas being predominantly a place where people would go to work and depart to the suburbs at the end of the workday was already being felt. The COVID-19 pandemic accelerated remote work trends, exacerbated emergent challenges, and demonstrated the need for Core Areas to transform from 9-5 work centres to 24/7 communities to retain their relevance and vibrancy.ⁱ

People in the Core Area

COVID-19 has had an acute impact on the number of people in Core Areas. Office workers started working from home, students began learning online, and businesses closed their doors. The number of people living, working, playing, and visiting Core Areas decreased rapidly due to the onset of COVID-19, and in many cities, has not returned to pre-pandemic levels. Working and learning from home meant fewer visits to Core Areas every day, which in turn has meant a loss of retailers and restaurants. Overall, fewer people in Core Areas have eroded the social fabric and vibrancy they once offered.ⁱⁱ

Perception of Safety

While some workers have returned to offices, many have yet to return. Streets are lined with “For Lease” signs, and in some cases, boarded-up windows and doors. The absence of people and changes to the built environment has created perceptions that Core Areas feel less safe than they were pre-pandemic. Even in cities where the data shows that crime in the Core Area is declining or remaining the same, it can take a long time and significant effort to change perceptions.ⁱⁱⁱ

Health and Social Issues

COVID-19 exacerbated the convergence of three critical issues manifesting in Core Areas: substance use, mental health, and housing. In Canada, there was a substantial increase in opioid-related harms and deaths at the beginning of the COVID-19 pandemic, and deaths have remained above pre-pandemic levels since this time.^{iv} Further, self-rated mental health decreased throughout the pandemic, and, on average, 54% of Canadians reported their mental health worsened during the pandemic, with vulnerable and marginalized populations most deeply affected.^{v,vi} The COVID-19 pandemic also exposed and compounded Canada's housing crisis.^{vii} The ability to match income to available, affordable housing is a challenge that has increased throughout the pandemic and continues to challenge communities.^{viii} The economic impacts for business operators stemming from the increased presence of health and social issues in communities have also been identified.^{ix}



The Coordinated Informed Response team helps vulnerable populations throughout the Core Area.

Demand for Commercial Space

The COVID-19 pandemic created an immediate need for many businesses and their employees to work from home. While many companies are calling workers back into the office, full occupancy is unlikely. According to HR Reporter, 48% of employers are maintaining some form of remote work for their workforce.^x Hybrid work is expected to continue and how commercial space is valued and utilized has changed. Demand for commercial space continues to be precarious due to businesses navigating uncertainty as they try to forecast their long-term office footprint needs. This has also resulted in vacancy rates remaining higher than pre-pandemic rates.^{xi}

2.3 Global Trends Related to Core Area Land and Building Vacancy

It has been three years since the start of the COVID-19 pandemic; the world has changed significantly and continues to change rapidly. To effectively address land and building vacancy we need to understand not just the current situation, but emerging trends that will affect land and building vacancy in the next year and beyond. Emerging trends include:

A Slower Return to the Office

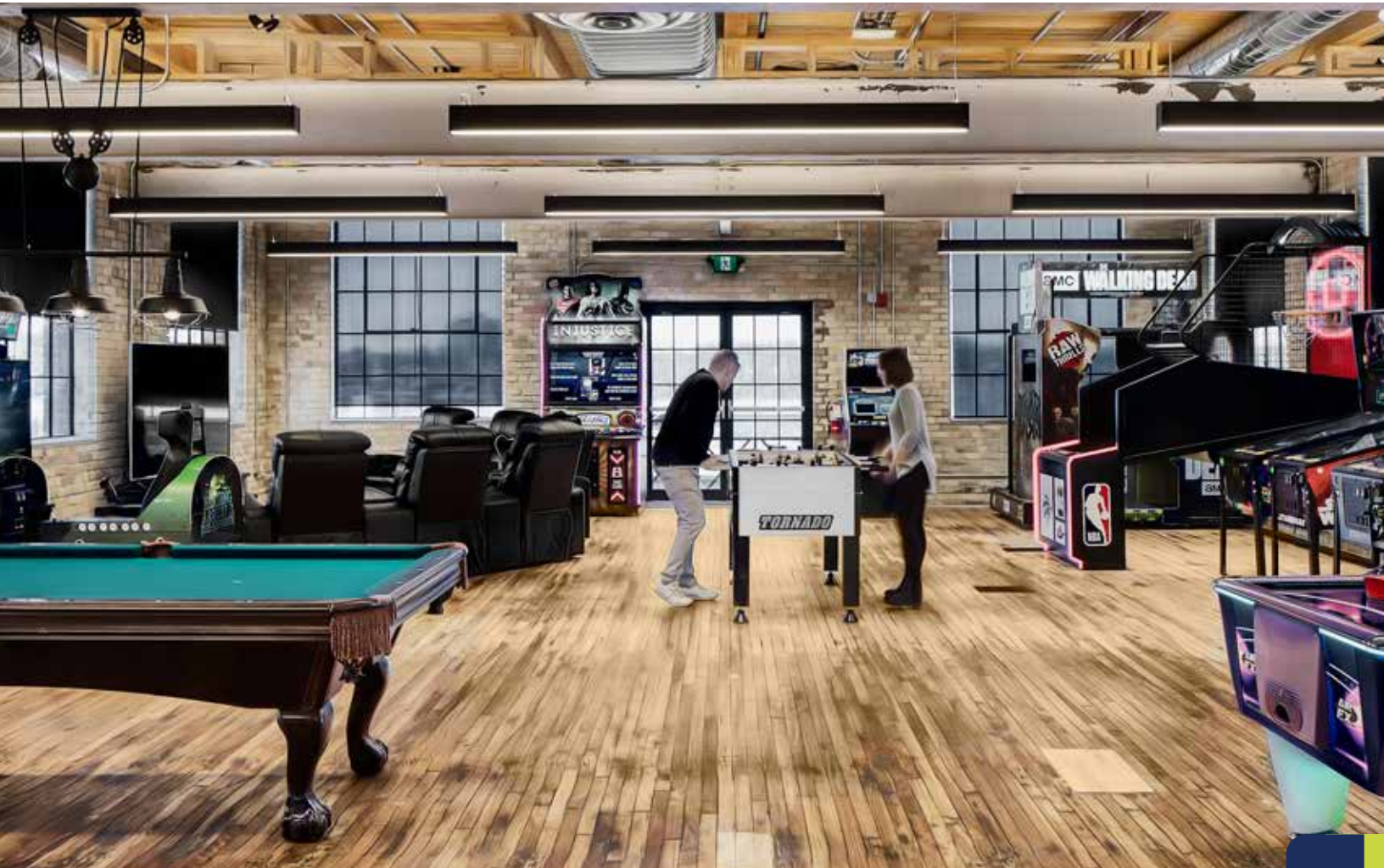
Overall, there has been a slower return to the office than expected.^{xii} In one study, 57% of Canadian office workers said they would prefer a hybrid model, where they split their time between working from home and being in the office, rather than going back to their workplace full-time.^{xiii} One of the reasons is that returning to the office makes life more expensive, with an average savings of \$6,760 a year due to working from home.^{xiv} Employers have also adopted a “wait-and-see” attitude. A slowing economy, rising inflation and interest rates, and labour shortages have led employers to stall plans to return to the office.^{xv} According to Oxford Properties, 80% of their global office tenants are offering hybrid work models to their employees.^{xvi} Hybrid work also continues to evolve. Employees are no longer faced with a binary choice between their home and the office. People can now work at a variety of other locations, including client or customer sites, secondary offices, and third spaces such as coffee shops, libraries, and co-working locations.^{xvii}

The Expectation of Experience

Canadian office workers desire a rich blend of experiences when they come back to the office. According to Gensler’s Canadian Workplace Survey, 75% of Canadian office workers, not already working from the office full-time, would return to the office more regularly if their ideal experience was provided.^{xviii} Respondents selected their “ideal mix” of experiences which included informal spaces for community and connection, quiet work areas to focus, tech-enabled spaces, hospitality-infused spaces such as coffee shops, amenity-rich spaces such as fitness centres, and collaboration spaces.^{xix}

Constructing Resilient Buildings

To thrive, Core Area buildings need to become more resilient, adaptable, and multi-use — considering efficient use of space and time as valuable factors in the resilience equation. According to the Gensler Experience Index, research suggests that single-use spaces are giving way to multi-modal spaces where people can do multiple activities and have multiple experiences in commercial spaces. This move makes office spaces more adaptable for other uses. Multi-modal spaces allow people to disassociate themselves from purely transactional activities. Spaces shared by multiple tenants will more readily accommodate community activities and contribute to building resilience.^{XX} Companies are making lobbies, washrooms, and common areas more appealing and incorporating a “hospitality mindset” while adding new amenities to buildings to attract and retain tenants and employees. Physical amenities like gyms, game rooms, lobbies, and social amenities that create a sense of community are being considered to help in recruiting employees, securing higher rents, and increasing net operating income.^{XXI}



Class B and Class C Commercial Office Buildings

Many Canadian cities went through a building boom in the late 1960s and 1970s and often those buildings are now at the end of their service life. To future-proof older buildings, buildings need to be more energy efficient, resilient, and vibrant to attract and retain tenants and talent.^{xxii} In a post-pandemic and hybrid work economy, tenants' priorities have changed, and many are demanding a unique office experience that cannot be replicated at home, and this cannot be accommodated in the aging Class B and Class C space due to the high and rising costs to retrofit, combined with inherently lower rents these properties can command.^{xxiii} That means older Class B and Class C buildings are experiencing much higher rates of vacancy than Class A buildings. This is expected to continue as businesses seek modern spaces and amenities. JLL Canada, for example, reported that across Canada, while metrics are fairly healthy in Class A inventory, Class B and Class C space is experiencing low demand and declining rental rates.^{xxiv}



Real Estate Obsolescence Risk

Tate Economic Research also provided a summary of findings with respect to obsolescence within office buildings. Obsolescence risk in real estate refers to the factors that lead to the decline in property values. Depending on the severity of the factors, obsolescence can result in lower sale prices, adaptive reuse, or decommissioning/demolition. Obsolescence risk can apply to all property types. There are three types of obsolescence:

1. **Functional:** Functional obsolescence is when an office building is unable to provide its “office” function due to changes in demand for such uses and/or evolving tenant standards.
2. **Economic:** Economic obsolescence is when an office building loses value due to some external factor that is beyond the control of the office building owner.
3. **Physical:** Physical obsolescence is when an office building loses value due to physical depreciation or mismanagement.

It should be noted that office buildings today are built with an understanding that they will face an end-of-service life. This results in building design that allows for conversion to other uses or even modular construction that allows for ease of decommissioning entire buildings. Given the age of London’s Core Area office stock, it is unlikely that many of the Class B and Class C buildings were built with end-of-service life conversion or with future decommissioning built into the design.

The following observations are made with respect to the London context:

- Due to COVID-19 and the resulting hybrid work scenarios, it is likely that every office building in the Core Area is experiencing varying degrees of economic obsolescence risk. This is compounded by the social issues in the Core Area which also provide an economic obsolescence risk factor.
- As of Q3 2022, there were eight office buildings that had vacancy rates higher than 70% in London. All eight of these buildings are either Class B or Class C. It is likely that all of these buildings are experiencing various forms of functional, economic, and physical obsolescence.
- According to Gensler, a global architecture, design, and planning firm, only 25% - 30% of North American office buildings are viable candidates for residential conversion. While there are other adaptive reuse scenarios, there will be some office buildings that will become obsolete and will have to be decommissioned/demolished.

In London's case, the pressure to demolish or decommission buildings facing real estate obsolescence must be weighed against other municipal policy priorities. For example, climate change initiatives might be compromised by discarding the embodied energy represented in existing buildings that are demolished. Also, heritage conservation objectives for the Downtown Heritage Conservation District that discourage building demolition can be regarded as an obstacle to real estate redevelopment that may address contemporary commercial office market demands, such as on-site parking, especially where there is downward pressure on office lease rates. Calgary recently introduced a subsidy covering 50% of office space demolition costs.^{xxv}

Upcoming Lease Renewals

Commercial leases generally last five to seven years, which means that many leases signed prior to the pandemic will be coming up for renewal soon. It is difficult to predict what the demand for space will be when those leases expire, but the market will not be the same. As leases come up for renewal, companies may opt for smaller offices or no office at all, resulting in even more vacant office space.^{xxvi} Tenants who are renewing their leases in existing buildings are opting for shorter terms to build flexibility into their leases because businesses are still unsure of how they will accommodate future working patterns.^{xxvii} According to CDNGLOBAL, tenants are also signing leases for smaller spaces, with under 10,000 square foot spaces being more attractive than larger spaces, and there are not many options within this range available. This is especially true for turnkey, built-out spaces being sought out by cost-conscious businesses who are concerned about construction costs and construction delays.^{xxviii}

Conversion of Vacant Space

In today's evolving office market, cities, developers, and building owners are exploring whether to upgrade older, poorly performing buildings or convert them to other uses. A lack of demand for Class B and Class C commercial office space in cities could accelerate the number of conversions of this space to residential, industrial spaces, or life science labs.^{xxix} However, not all vacant or underperforming buildings can be efficiently converted. In Calgary, for example, a study of 28 buildings totalling 3.2 million square feet, resulted in about 30% (10-12) being viable candidates for conversion.^{xxx} For cities where there are too many empty office towers, an eroding tax base, and not enough people living and working downtown, adaptive use can be a useful tool. However, it is not a quick fix or easy solution. Conversions, even when physically possible, can be cost-prohibitive, and cities have created significant economic incentives to make the process cost-effective.^{xxxi} Further, residential properties do not have the same population density as commercial office properties within the same square footage footprint, which has financial implications for municipalities. Apart from the physical adaptability of any individual building, multiple-ownership structures and complex capital financing mechanisms can also be obstacles to overcome before any decision is made on whether to proceed with a conversion project.

Alternative Tenancy Models

As more of the workforce choose to work anytime from anywhere, the office of the future needs to cater to their needs. Various alternative tenancy models are gaining momentum. One example of this is smart subletting, where tenants with hybrid work weeks or fewer occupants on certain days of the week can rent out parts of the space, or the entire office part of the time. Another example is co-working spaces where individuals or companies can rent single desks, private offices, or meeting rooms and have access to shared tools, amenities, and resources. The face of the office is changing, and its transformation will address the efficient use of space and time for increased resilience.^{xxxii}



Alternative tenancy options: Innovation Works – 201 King St.

Section 3.0:

Land and Building Vacancy in London

3.1 Core Area Land and Building Vacancy Study Results

Tate Economic Research Inc. (TER) was retained by the City of London in June 2022 to undertake a Core Area Land and Building Vacancy Study. The content in the subsections below provides a “snapshot” of the London market.

Core Area Boundary for the Purpose of this Study

For the Core Area Land and Building Vacancy Study, office data was derived from the CBRE office database. The CBRE boundary for the “Downtown Core” includes areas beyond the Core Area boundary as defined in Section 1.0. Specifically, there were 10 office buildings located outside or just on the periphery of the Core Area boundary. These buildings were included in the analysis, however, as they are considered by CBRE as part of the Downtown office ecosystem. The CBRE boundary excludes the portion in the Core Area defined as Old East Village.

An assessment of the properties in Old East Village was conducted, and Tate Economic Research recommended that the CBRE boundaries for office space be retained. There are only seven Old East Village properties with office occupancies outside of the CBRE boundary and these properties do not conform with industry characteristics ascribed to professional office space (e.g., a converted residential house).

Office Vacancy

- As of the third quarter of 2022, there was approximately **1,190,983** square feet of vacant commercial office space and **3,654,171** square feet of occupied space for a total of **4,845,154** square feet of Class A, Class B, and Class C office space in 60 buildings within the Core Area as defined by the real estate brokerage firm CBRE. This represents a vacancy rate of **24.6%**.
- London’s downtown vacancy rate has historically been high. Prior to COVID-19, between 1993 – 2019, the average downtown vacancy rate was **16.8%** (Q4 data). Including fourth quarter data in 2020 and 2021, the average vacancy rate is slightly higher at **17.1%**. For context, the national vacancy rate between 2010 and 2019 was approximately **7%**.

- While COVID-19 has resulted in increased vacancy, the difference between before COVID-19 (Q3 2019) and Q3 2022 is approximately **6%**. Therefore, it can be inferred that there is a market structural issue with London office vacancy, specifically in B and C classes. In London, the proportion of Class B and Class C space of the overall office space (Class A, B and C) is higher than most other major city downtowns. Much of this space is vacant due to its condition. There is a sense of urgency because these buildings will continue to erode if they are not improved.
- There is a broad differential in the vacancy rates and absolute vacant space between Class A, Class B and Class C office space:
 - Class A office space consists of 12 buildings accounting for **1,890,953** square feet of gross leasable area. Class A has the lowest vacancy rate at **13.4%**. Class A also has the least amount of vacant space at **254,158** square feet. Class A vacant space accounts for **21%** of all vacant office space in the Core Area. Nationally, the Class A office space vacancy rate is **14.3%** (Q3 2022).
 - Class B office space consists of 31 buildings accounting for **2,267,444** square feet of gross leasable area. Class B office space has a vacancy rate of **28.2%**. Class B office space has the largest amount of vacant space at **639,736** square feet. This vacant space accounts for **54%** of all vacant office space in the Core Area.
 - Class C office space consists of 17 buildings accounting for **686,757** square feet of gross leasable area. Class C office space has the highest vacancy rate at **43.3%**. Class C office space accounts for a quarter of all vacant space at **297,089** square feet
- Vacant Space is highly concentrated by ownership. A total of **40.4%** of vacant Class A space is under one ownership. Similarly, **69.9%** of vacant Class B space and **84.5%** of vacant Class C space is also under one ownership. It should be noted that while Class A, Class B, and Class C space is concentrated by ownership, it is not the same owner.
- Of the **1,190,983** total square feet of vacant Core Area commercial office space, one owner owns **698,377** square feet (**59%**). All are Class B and Class C properties.
- The top five largest buildings (one Class A, three Class B and one Class C building), in terms of vacant space, account for **48%** of all vacant office space in London. These five buildings have a combined vacancy rate of approximately **45%**. While this vacancy rate is high, the fact that these buildings are partially occupied indicates these buildings are suitable for office occupancy. While the economic investment performance of individual properties was not a component of this study, it should be noted that good quality commercial properties, even if partially occupied, can have positive cash flows.

Ground Floor Commercial Vacancy

- There is approximately **409,200** square feet of ground floor vacant space within the Core Area and **1,827,900** square feet of occupied space for a total of **2,237,100** square feet. This represents a vacancy rate of **18.3%**.
- Typical retail vacancy within balanced downtowns and mainstreets is **5% - 7.5%**. This level of vacancy allows for new tenants to actively search for new space with a level of choice to satisfy various space requirements. London's Core Area exhibits a vacancy rate that is significantly higher than the typical balanced vacancy rate.
- The Core Area was analyzed in three sub-areas: Downtown, Midtown, and Old East Village. All of these sub-areas exhibit high vacancy rates:
 - Old East Village has the highest vacancy rate at **24.5%**, with approximately **86,000** square feet of vacant space. These vacancies are along Dundas Street with a concentration around the intersection with Adelaide Street;
 - Downtown has the most vacant space. There is approximately **308,900** square feet of vacant space resulting in a vacancy rate of **17.4%**. The vacancies are concentrated around Dundas Street and Richmond Street and Citi Plaza. Citi Plaza represents the largest concentration of vacancy, accounting for approximately **9%**; and
 - Midtown has a relatively small amount of vacant space at **14,300** square feet and a vacancy rate of **12.6%**. The higher than typical vacancy rate is a function of the small amount of total commercial space.
- Commercial retail properties are evaluated according to location characteristics and building characteristics. See Figures 4 and 5 for definitions. The fairly even distribution of vacant units indicates that location, from a neighbourhood perspective, is not the primary determining factor of vacancy levels. Given that 5-7% is a typical vacancy range, Old East Village and Downtown both have high vacancy rates. This is despite each of them having different characteristics in terms of surrounding office density and composition of occupied space. From a location perspective, **80%** of the vacant commercial units are located in 'A' locations. These are units with good retail location characteristics, such as high traffic streets, visible location, and good public realm. Therefore, the majority of vacancies are not related to location characteristics as many of the vacancies are located in good retail locations.
- The remaining **20%** of vacant ground floor commercial units are located in 'B' and 'C' locations, with 'C' accounting for only **3%** of vacant units, from the location perspective.

- From a building characteristic perspective, **72%** of the vacant units are characterized as 'B' and 'C' buildings, with 'C' buildings accounting for **31%** of all vacant units. These units are characterized as units in buildings that are deteriorating or the unit itself is deteriorating.
- In terms of building characteristics:
 - **98%** of the vacant units in Old East Village are considered to have B & C building characteristics.
 - **64%** of the vacant units in Downtown are considered to have B & C building characteristics.



Properties With No Buildings On Them – Vacant Land

- There are 13 vacant land parcels within the Core Area. The average parcel size is **0.17** acres. Combined these vacant land parcels total **2.19** acres.

Properties With No Buildings On Them – Surface Paid Parking Lots

- There are **67** surface paid parking lots in the Core Area. The average size is **0.44** acres. For average size comparison, the property at 431 Richmond Street (i.e. the Shoppers Drug Mart mixed-use building) is approximately **0.24** acres.

- Combined these surface paid parking lot vacant land parcels total **29.32** acres, an amount of territory roughly equal to six city blocks of the size occupied by Budweiser Gardens.
- London Plan policy specifically discourages Temporary Zoning of surface parking lots.

Residential Rental Vacancy

- The vacancy rate in the privately initiated purpose built apartment rental market in the Core Area was **1.6%** in 2022.
- This compares to **1.7%** in London overall.
- The Core Area vacancy rate is higher than other areas such as the Kitchener and Guelph Central neighbourhoods, but lower than Windsor's Downtown neighbourhood.

Several Core Area residential construction projects are addressing market demand for housing.

3.2 Consultation Summary

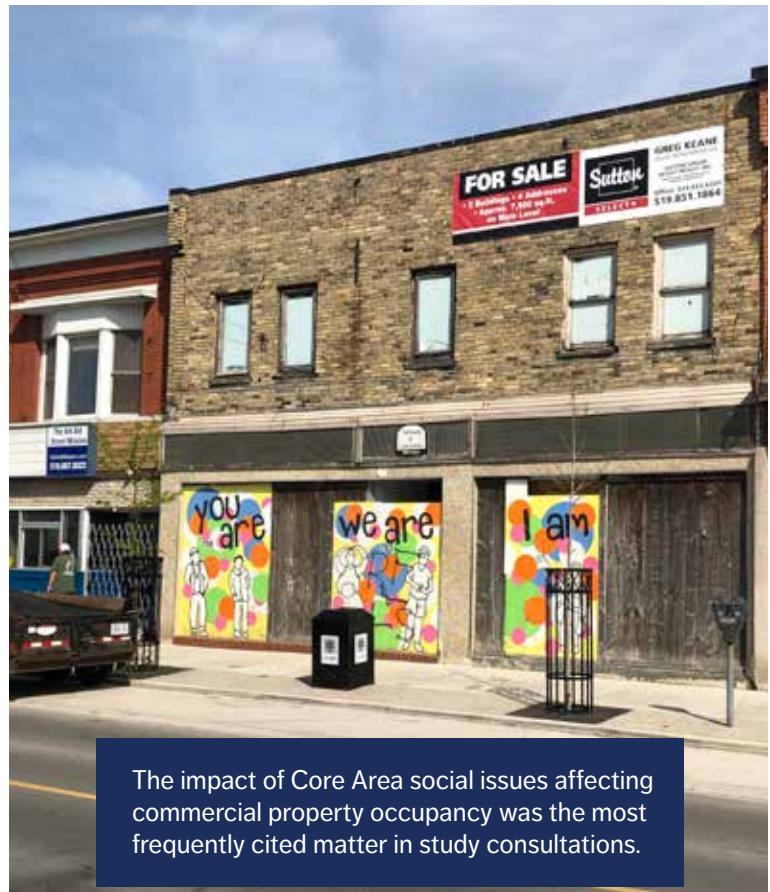
As part of the Core Area Land and Building Vacancy Study, Tate Economic Research conducted consultations with representatives of local partner organizations, realtors, and major landlords and developers. A small minority of those invited declined or did not respond to an invitation to participate. Consultation participants provided their insights about the factors that contribute to Core Area land and building vacancy in London. The themes derived from the consultation are included below.

Social Issues

Fifteen respondents raised this issue in consultations, making it the most frequently raised issue. All three groups, partner organizations, realtors, developers and landlords noted this issue, with a particularly large number of comments from realtors and landlords and developers. Frequently raised issues focused on mental health, homelessness, safety, and policing. All groups mentioned experiences with these leading to companies leaving and new tenants being unwilling to locate in the Core Area.

Parking

Seven respondents raised this issue in consultations, making it a tie for the second most frequently raised issue. All three groups, partner organizations, realtors, and landlords and developers mentioned this issue, with 21 comments received, with a particularly large number of comments from realtors and landlords and developers. Frequently raised issues focused on pricing and proximity being key factors in attracting and retaining tenants. The importance of reserved or on-site parking was also mentioned, as was a suggestion from realtors that the City play a larger role in the provision of parking, with Guelph and Toronto identified as being successful in this area.



The impact of Core Area social issues affecting commercial property occupancy was the most frequently cited matter in study consultations.

Macro Issues

Macro issues, defined as those being beyond the sole control of the City of London, were raised by seven respondents in consultations, making it a tie for the second most frequently raised issue. All three groups, partner organizations, realtors, landlords and developers, identified this issue, with 19 comments received, with a particularly large number of comments from realtors. Frequently raised issues focused on the need for more investment attraction and entrepreneurship services for the Core Area, COVID-19 impacts from restricted in-person shopping, remote office work drawing fewer workers downtown daily, limited residential downtown population, loss of head offices due to mergers and acquisitions, and lack of fast transit to Toronto as a barrier to attracting new office tenants.

City of London

Seven respondents during consultations stated this issue, making it a tie for the second most frequently raised issue. All three groups, partner organizations, realtors, landlords and developers, mentioned this issue with 13 comments received and a fairly even distribution across all groups. Frequently raised issues focused on three themes: whether the City of London has enough seasoned staff to come up with creative problem solving, ensuring “ideological” or green progressive policies don’t disadvantage the Core Area, and the need for additional focus on business attraction in the Core Area through a dedicated office serving in that role.

Urban Structure

Six respondents among partner organizations, realtors, and landlords and developers mentioned this issue during consultations. Input received from partner organizations focused mostly on noting that Downtown, Old East Village, and Midtown all have separate issues in geographically different situations, so solutions should avoid combining all three. The main focus of the other two groups was on the supply and pricing of office space in the Downtown compared with suburban locations. Each group had different observations regarding whether City policy and market conditions affect the commercial vacancy rates being experienced in each.

Incentives Success

Five respondents from partner organizations and realtors mentioned this issue during consultations. Key messages received from realtors noted that the density of employees in an office building is higher than if the same building were converted to residential, and some office buildings are not configured for residential conversion, even when incentives are available. Partner organizations cited difficulties in promoting existing incentive programs.

Construction

Five respondents from partner organizations, realtors, and landlords and developers, mentioned this issue during consultations. The value of the investment made in infrastructure construction was noted. Commuting delays and general issues around accessibility during construction in the past few years were also mentioned, however, current or prospective tenants were not lost because of it.

Type of Space

Between partner organizations and realtors, four respondents noted this matter. All comments pertained to the physical condition of many commercial buildings and spaces being unappealing to prospective tenants, while some also pointed out that achievable rents in the marketplace often will not cover the costs of improving their condition.

Downtown Vision

Between partner organizations and landlords and developers, four respondents noted this matter. Both groups commented that there is not a shared aspirational vision for Downtown and that homelessness is a concern to be addressed.

Economic Development

Three partner organizations, realtors, and landlords and developers identified that gaps exist in how economic development is coordinated, promoted, and measured.

Restaurant Space

According to the insights of three partner organizations, there are not enough restaurant-ready spaces to meet demand.

Ownership

A total of three partner organizations commented that issues encountered with absentee landlords, and within the office segment appear to have a direct correlation between owners and vacancies.

Cost to Make Space Usable

Finally, there was one observation from a partner organization noting that for prospective tenants from cultural industries, costs are high to make available space usable for their occupancy needs.

3.3 Core Area Market Profiles

A market differentiation study conducted by Tate Economic Research demonstrated that there is a strong market rationale for differentiating the four neighbourhoods in the Core Area. The results also illustrate that to effectively address vacancy in the Core Area, vacancy reduction strategic initiatives will need to be employed with different intensity and focus within each of the neighbourhoods due to the difference in building types, scale, tenants, and customer draw.

A summary of the results as they relate to ground floor commercial supply, quality, and location of vacant space, office supply, and customer draw can be found in the sub-sections below.

Ground Floor Commercial Space

Figure 2 Total Number and Distribution of Units

	Richmond Row	Downtown	Midtown	Old East Village	Total
Total (# of units)	185	404	55	142	786
Total (% Distribution)	24%	51%	7%	18%	100%
Total (sq. ft.)	428,200	1,344,500	113,800	350,600	2,237,100
Total (% Distribution)	19%	60%	5%	16%	100%

Downtown is the largest node, with 404 units and 60% of the overall Core Area square footage. Midtown is the smallest node consisting of 55 units and 5% of the overall Core Area square footage.

Figure 3 Distribution of Ground Floor Commercial Space by NAICS Categories and Area

North American Industry Classification System Category	Richmond Row	Downtown	Midtown	Old East Village	Total
Accommodation and Food Services	37.1%	13.8%	12.0%	9.4%	17.5%
Administrative and Support and Waste Management and Remediation Services	5.4%	1.3%	0.6%	0.2%	1.9%
Arts, Entertainment, and Recreation	4.6%	8.3%	0.7%	9.8%	7.5%
Construction		0.4%		0.6%	0.3%
Education Services	0.4%	1.5%			1.0%
Finance and Insurance	3.3%	2.6%	4.0%	1.4%	2.6%
Health Care and Social Assistance	0.8%	6.7%	28.6%	9.0%	7.1%
Information and Cultural Industries		15.5%	1.1%		9.4%
Manufacturing		0.6%	5.3%	2.5%	1.0%
Other Services (except Public Administration)	6.8%	7.7%	16.4%	9.5%	8.3%
Professional, Scientific, and Technical Services	6.4%	3.8%	6.0%	1.7%	4.1%
Public Administration (not covered in economic census)		1.3%			0.8%
Real Estate and Rental and Leasing		0.3%	3.1%	0.3%	0.4%
Retail Trade	21.0%	16.7%	9.7%	27.9%	18.9%
Transportation and Warehousing	0.4%	0.2%			0.2%

North American Industry Classification System Category	Richmond Row	Downtown	Midtown	Old East Village	Total
Wholesale Trade	1.7%			3.1%	0.8%
Vacant	12.1%	19.1%	12.6%	24.5%	18.3%
Grant Total	100%	100%	100%	100%	100%

Downtown has a balance of uses with retail trade, at 16.7%, comprising the largest amount of occupied square footage. Midtown has a high concentration of health care and social assistance square footage, 28.6%, which mainly consists of medical and dental facilities. Richmond Row has a high concentration of accommodation and food services (37.1%), which mainly consists of restaurants. Old East Village has a high concentration of retail trade square footage (27.9%) and a good balance of other types of uses. This means that the four neighbourhoods present different opportunities for various experiences.

Quality and Location of Vacant Space

Figure 4 Vacant Space - Location Characteristics

Location Characteristics	Richmond Row	Downtown	Midtown	Old East Village	Total
A Located on high traffic street Mid block or corner High quality public realm	79.5%	78.2%	74.8%	95.1%	81.8%
B Located on a moderate traffic street Mid block or corner Standard public realm	15.9%	21.4%	25.2%	4.0%	17.2%
C Located on a limited traffic street Typically mid block Poor quality public realm	4.6%	0.4%	0.0%	0.9%	1.0%
Total (%)	100%	100%	100%	100%	100%
Total (sq. ft.)	51,700	257,200	14,300	86,000	409,200

Approximately, three-quarters of the vacant units in Richmond Row, Downtown, and Midtown are in “A” locations. In Old East Village, 95% of vacant units are considered to be in “A” locations. This is a function of the majority of commercial space in Old East Village fronting onto Dundas Street with very little commercial space on adjacent streets.

Figure 5 Vacant Space - Building Quality Characteristics

Building Quality Characteristics	Richmond Row	Downtown	Midtown	Old East Village	Total
A Building is well maintained Unit is well maintained Active leasing by reputable broker	68.3%	31.2%	22.4%	0.8%	29.2%
B Building is maintained Unit is maintained Typically, active leasing by reputable broker of landlord	22.6%	46.0%	17.5%	38.7%	40.5%
C Building is not maintained or is deteriorating Unit is not maintained or is deteriorating No leasing sign or just a phone number	9.1%	22.9%	60.1%	60.5%	30.3%
Total (%)	100%	100%	100%	100%	100%
Total (sq. ft.)	51,700	257,200	14,300	86,00	409,200

The majority, just over two-thirds, of vacant units in Richmond Row are considered by Tate Economic Research to be in “A” buildings. The majority of vacant units in the Downtown, 46%, are in “B” buildings. The majority, 60%, of vacant units in Midtown and Old East Village are in “C” buildings. This means that most of the vacant units in Richmond Row and Downtown do not require significant tenant improvements, whereas units in Midtown and Old East Village do require significant tenant improvements to address vacancy.

Customer Draw

Examining visitor draw establishes the function of a retail commercial area. Generally, if a node draws from a larger area, this indicates a more destination orientation. Using mobility (cell phone) data from March 18, 2022, and March 18, 2023, an analysis was conducted of visitors to neighbourhoods within the Core Area. Midtown was excluded as it does not have sufficient ground floor commercial to be appropriately analyzed.

Approximately 22% and 23% of visitors to Richmond Row and Downtown, respectively, originate from beyond London, compared to 14% for Old East Village. This means that Richmond Row and Downtown have a broader visitor draw than Old East Village. All three neighbourhoods draw visitors from all over the city. However, each area has a strong local draw. Approximately one-third of Old East Village visitors originate from within Ward 4, which is the Ward that includes Old East Village. Approximately one-quarter of Richmond Row visitors originate from Ward 13, which is the Ward that includes Richmond Row. Slightly over one-quarter of Downtown visitors originate from within Ward 13, which is the Ward that includes Downtown.

Office Supply

Figure 6 Distribution of Office Space by Area

Core Area Location	A	B	C	Total
Richmond Row & Surrounding	163,035	267,689	76,669	507,393
Downtown	1,727,918	1,979,751	583,088	4,290,757
Midtown		20,004	27,000	47,004
Grand Total	1,890,953	2,267,444	686,757	4,845,154

The majority of office space, 89%, is located within the Downtown, compared to Richmond Row which has 10% of the office space, and Midtown which has 1% of the office space. There are no larger professional office buildings in Old East Village and therefore this area has been excluded.

Figure 7 Percent Distribution of Office Space by Area

Percent Distribution by Area	A	B	C	Total
Richmond Row & Surroundings	32%	53%	15%	100%
Downtown	40%	46%	14%	100%
Midtown	0%	43%	57%	100%
Grand Total	39%	47%	14%	100%

The majority of office space in Downtown and Richmond Row is in Class A and Class B space. The majority of office space in Midtown consists of Class B and Class C space.

Section 4.0:

Our Plan of Action

4.1 Introduction

The areas of focus and corresponding strategic initiatives included in the Core Area Land and Building Vacancy Reduction Strategy were derived from insights and evidence-informed practices, including the Canadian Urban Institute's Case For Conversions.^{xxxiii} While the strategic initiatives included in the Core Area Land and Building Vacancy Reduction Strategy can assist London in addressing land and building vacancy, there is foundational work that needs to be done that is outside of the scope of this strategy to maximize the potential for the strategic initiatives to be successful. As detailed in section 3.2 above, consultation participants most often cited social issues being experienced in the Core Area must be solved first.

Four areas of focus must be addressed to reduce land and building vacancy in the Core Area. These include:

Property:

Renovate, adapt, or transform vacant commercial properties.



People:

Foster people living, working, and visiting the Core Area.



Place:

Create a high-quality environment where people want to be.



Promotion:

Generate demand to fill vacant commercial properties.



While each area of focus is important, this is foundationally a property-based strategy, meaning that occupancy-ready property must be available to reduce Core Area land and building vacancy. Without a supply of occupancy-ready properties, the other three areas of focus alone will not be sufficient to reduce Core Area land and building vacancy.

Each area of focus is described in further detail in the subsequent sub-sections and each includes a description of why each area of focus is important, the strategic initiatives to be implemented, and a rationale for each strategic initiative. The strategic initiatives are numbered to support review and discussion, not signify an order of importance.

A preliminary assessment of each strategic initiative was made to determine the relative financial impact it is anticipated to have if pursued. These assessments are intended to offer an informed order-of-magnitude potential impact on additional funding that may be proposed through the City of London 2024-2027 Multi-Year Budget process.

These impacts are defined as follows:

- **No Financial Impact:** Existing budget;
- **Low Financial Impact:** Less than \$100,000;
- **Medium Financial Impact:** \$100,000 to \$999,999;
- **High Financial Impact:** \$1,000,000 to \$9,999,999; and
- **Very High Financial Impact:** \$10,000,000 and above.

Following Municipal Council's review and direction on the proposed strategic initiatives, full estimates of the costs will be brought forward in the form of a Multi-Year Budget business case(s).

The strategic initiatives outlined have been informed by expert opinion, consultation insights, local data, global trends, and evidence-based municipal practices. An intensive review, revision, and validation process with City staff and senior leaders supported the refinement of the proposed strategic initiatives. These strategic initiatives are based on the current context and information available. Over time they may need to be augmented or revised to retain their relevance within an ever-changing environment, resource availability, and consideration of other City of London strategic initiatives.

4.2 Strategic Area of Focus 1: Property

Why Property Is a Strategic Area of Focus to Address Core Area Land and Building Vacancy

Addressing Core Area land and building vacancy requires a property-based focus.

Without vacant commercial properties being renovated, adapted, or transformed, vacancy levels will continue to increase.

From a property-based perspective, there is first a critical need to facilitate the availability and supply of occupancy-ready property – property that is as functional as it is aesthetically pleasing. Grants or loans are proven ways in which to incentivize interior and exterior property improvements that encourage occupancy.

Further, from an economic perspective, the most effective property-based strategic initiatives must support high occupancy per square foot. For that reason, there is a bias towards non-residential occupancies, especially commercial ratable tax class properties. However, with residential rents increasing and an ever-growing housing crisis, there is a place for adaptive reuse in addressing Core Area land and building vacancy. In a post-pandemic hybrid work economy, tenants' priorities have changed, and many are demanding a unique office space that cannot be replicated at home. This cannot be accommodated in the aging Class B and Class C office stock, which, as a result, may provide opportunities for transformation. However, this work is complex and requires vacant buildings whose architectural layouts lend themselves to efficient and viable conversion from commercial to residential.



Office commercial building for sale at 376 Richmond St. Commercial architectural floor plate layouts are a factor in determining viable conversion to residential uses.

Property Strategic Initiatives

Changes to Existing Financial Incentive Programs

Strategy	Rationale
<p>1. Enhance existing Community Improvement Plan financial incentive programs available in the Core Area to facilitate the creation of affordable housing.</p>	<p>Incentives encourage the building of affordable housing units and help stimulate the economy. Effective incentive programs provide enough stimulus so that the desired public benefit is achieved. Examples of enhancements might include higher financial support for the conversion of underutilized office space to affordable units; the development of purpose-built units to address accessibility issues or certain unit sizes; or securing existing vacant apartments for affordable housing.</p> <p>Encouraging the use of vacant lands and surface parking lots facilitates affordable residential development. In Calgary, for example, incentives allowed for more than 2,000 units of affordable housing starts.^{xxxiv}</p> <p>In London, since 2013, at least 40 residential units, many of them affordable, were either renovated or created in Core Area properties through the Upgrade to Building Code Loan applications. During that same timeframe, 1,500 units were created or renovated through the Residential Development Charges Grant and/or the Tax Grant. However, most of these units are not considered affordable. Therefore, the creation of affordable residential units could be accelerated with enhanced financial incentives.</p> <p>Financial Impact: No to Low Impact</p>
<p>2. Provide the Façade Improvement Loan, Rehabilitation and Redevelopment Tax Grant, and Upgrade to Building Code Loan Programs in Midtown to ensure consistent program offerings along Dundas Street.</p>	<p>Incentivizing property owners to undertake renovations has had success in increasing occupancy in Downtown and Old East Village. By extending programs into Midtown, it will fill the gap in program offerings available to property owners.</p> <p>Financial Impact: No to Low Impact</p>

Strategy	Rationale
<p>3. Improve the grant schedule of the Rehabilitation and Redevelopment Tax Grant Program for Level 2 properties (existing buildings) to better incentivize the renovation of existing vacant buildings.</p>	<p>Property improvements can result in an increase in property taxes which can act as a deterrent to investing in renovations. Increasing the grant-back amount in the Level 2 grant schedule will offset the expected increase in property taxes to offer more support in renovating vacant buildings.</p> <p>Financial Impact: Medium</p>
<p>4. Increase the forgivable portion of the Upgrade to Building Code Loan Program to 50% (pre-2018 level) for projects that convert vacant or underused upper storey space into residential units and increase to 75% for conversion to commercial units.</p>	<p>Changing the forgivable portion of the Loan Program back to 50% for residential units and increasing the forgivable portion to 75% for commercial units, will better incentivize the renovation of vacant space and reward targeted improvements that reduce vacancies.</p> <p>Financial Impact: Medium</p>

Creating New Financial Incentive Programs

Strategy	Rationale
<p>5. Develop a financial incentive program that supports undertaking feasibility studies for converting vacant Class B and C office space into residential.</p>	<p>Feasibility studies are critical to determining whether a vacant building is appropriate for conversion. Gensler, a global architectural design and planning firm has assessed over 300 buildings in 25 cities across North America, including Calgary, and determined that only 25% - 30% of the buildings make for suitable candidates for conversion.^{xxxv} The intention of this financial incentive program is to encourage and assist property owners and the City in assessing a building’s financial and physical potential for rehabilitation, as a first step towards possible residential conversion.</p> <p>Financial Impact: Low</p>

Strategy	Rationale
<p>6. Implement a new grant program that bridges the economic viability gap and achieves the conversion of vacant Class B and C office space into residential units.</p>	<p>Converting vacant commercial space into residential units can be costly and, therefore, not economically viable. Providing a grant can be a necessary catalyst for projects to move forward. For example, the City of Calgary provides a grant to assist in the conversion of office space into residential units. To date, five buildings have been approved, removing 665,000 square feet of vacant office space and creating 707 residential units, with \$49,975,000 in municipal investment.</p> <p>Financial Impact: High to Very High</p>
<p>7. Introduce a financial incentive program that specifies improving air quality when converting Class B and C office space to residential uses.</p>	<p>Often, in existing commercial buildings, windows are not operable and do not provide the minimum requirements for natural ventilation in residential units. Providing a financial incentive program to improve air quality (e.g., installing a make-up air unit) will assist in meeting higher regulatory requirements for residential occupancy.</p> <p>Financial Impact: Medium to High</p>
<p>8. Introduce a grant program covering the cost of planning application fees for the conversion from commercial to residential in the Core Area to incentivize applications and encourage development.</p>	<p>Converting buildings to residential use is expensive and may not be viable, especially since office rents are generally higher per square foot than residential rents.^{xxxvi} Planning application fees are a significant expense in a conversion project. Offering a correlating financial incentive is one tool that decreases costs, thereby increasing viability.</p> <p>Financial Impact: Medium</p>

Strategy	Rationale
<p>9. Amend the Core Area Community Improvement Plan to provide a grant program to assist commercial tenants to cover the cost to fit out spaces for commercially occupied viable operations, with a focus on encouraging more food and beverage operations to set up in the Core Area.</p>	<p>Municipal loan programs are mostly geared towards large-scale building renovations; tenants often do not have access to City loan programs. This grant program will assist tenants with the cost of fitting out a vacant commercial space to be able to open and operate a business. This will close the gap between where there is demand for vacant space, but the economic constraints to purchase the start-up equipment necessary serves as a barrier to occupancy.</p> <p>Financial Impact: Medium</p>

Changes to Planning Policies and Tools

Strategy	Rationale
<p>10. Investigate the feasibility of introducing a new zone category or other zoning tool for limiting regulations applied to existing commercial buildings that are being converted to maintain or increase residential occupancy.</p>	<p>Introducing a new zone category or zoning tool through the ReThink Zoning project could facilitate the conversion of vacant commercial buildings to residential uses without the need for additional relief from zoning regulations. This could potentially eliminate planning applications for the adaptive reuse or conversion of existing buildings that maintain or increase occupancy.</p> <p>Financial Impact: No Impact</p>
<p>11. Direct mandatory ground floor commercial uses only to highly commercial streets to ensure retail continuity through the ReThink Zoning project.</p>	<p>Currently, residential uses are permitted only above or behind the ground floor to ensure a commercial presence on the ground floor to activate streets. Removing this zoning regulation would allow for residential uses on the ground floor in vacant commercial spaces on streets with limited commercial appeal.</p> <p>Financial Impact: No Impact</p>

Strategy	Rationale
<p>12. Explore ways to eliminate or reduce the need for Site Plan Approval for internal conversions to lessen the regulatory obstacles when converting vacant Class B and Class C Core Area office space to residential units through the Site Plan Control Area By-law Review project.</p>	<p>Converting vacant office space to residential can be a complex and lengthy process. The communities that are succeeding are those where developers and municipalities are working together in unprecedented ways to find solutions.^{xxxvii} Reducing regulatory requirements is one way to simplify and expedite conversions. This could be completed through the Site Plan Control Area By-law Review project.</p> <p>Financial Impact: No Impact</p>

Other

Strategy	Rationale
<p>13. Identify and acquire Core Area vacant lands and surface parking lots where they may implement municipal strategic priorities.</p>	<p>There are over 30 acres of Core Area properties with no buildings on them. Most are surface paid parking lots, with accessible infrastructure servicing, that are not used to their full potential. Identifying vacant land and surface parking lots amplifies opportunities to achieve multiple municipal priorities cited in the City’s Strategic Plan. With various acquisition methods and transactions possible, each should be tailored to address property development opportunities taking into account characteristics of individual sites that meet the vacancy reduction objectives of the Core Area Land and Building Vacancy Reduction Strategy and advance City strategic priorities.</p> <p>Financial Impact: Dependent on Individual Project Opportunities</p>

4.3 Strategic Area of Focus 2: People

Why People Is a Strategic Area of Focus to Address Core Area Land and Building Vacancy



A vibrant and populated Core Area is critical to reducing its land and building vacancies. The vibrancy of Core Areas directly correlates to and is a predictor of property demand, rent levels, investment volumes, and occupancy of commercial and residential spaces. Consisting of a mix of office, residential, arts, entertainment, and culture, a vibrant Core Area is a place where people want to live, work, visit, and play.

Population density (jobs and residents), therefore, is required to achieve that vibrancy.

Emerging trends demonstrate that people are seeking unique experiences and seamless transitions from one activity to another with the integration of working, learning, gathering, dining, and playing. These preferences need to be realized to attract people to and retain people in the Core Area to stop the dilution of population density. The reduction of Core Area land and building vacancy, therefore, starts with a collective vision that focuses on bringing and retaining people in the Core Area.

Local artisans manufacture and sell wares from the London Clay Arts Centre in Old East Village and also contribute to its local identity, focusing on bringing and retaining people in the Core Area.



People Strategic Initiatives

Strategic Initiative	Rationale
<p>14. Amend the Core Area Community Improvement Plan to introduce financial incentive programs that address the need to attract neighbourhood-serving, long-term occupants to locate in the Core Area.</p>	<p>High-value, long-term occupants positively influence Core Area occupancy. They bring foot traffic to the area, help lesser-known tenants establish a higher commercial profile, help fill vacancies, and offer more stability in the effort to maintain a balanced mix of uses in the area. As a result of the benefits they bring, a common practice across North America to attract high-value, long-term occupants is providing financial incentives.</p> <p>Financial Impact: Medium</p>
<p>15. Amend the Core Area Community Improvement Plan to establish a micro-grant program to support unique and emerging small-scale entrepreneurs to improve demand for commercial space in the Core Area.</p>	<p>Micro-grant programs can provide the necessary resources to allow entrepreneurs to take the next step in their business and secure space in the Core Area. This in turn generates a diverse mix of businesses that enhance the vibrancy of the Core Area by updating and occupying vacant commercial space. The City of Hamilton has successfully implemented a similar program to provide financial assistance to new permanent or “pop-up” commercial tenants of presently vacant commercial space.^{xxxviii}</p> <p>Financial Impact: Low</p>
<p>16. Amend the Core Area Community Improvement Plan to provide a business operating capital grant to incentivize entrepreneurial post-secondary students to remain in London and open diverse businesses in the Core Area.</p>	<p>Studies show that cities that gain and retain the most graduates do so because of their strong economies and the opportunities they can offer, including supporting small businesses.^{xxxix} Grants pave a path for entrepreneurs to access capital that builds their capacity, which increases demand for space and creates a mix of diverse offerings that attract people to the Core Area.</p> <p>Financial Impact: Low to Medium</p>

Strategic Initiative	Rationale
<p>17. Implement a City of London-led head lease program resulting in a curated portfolio of commercial spaces to create opportunities for equitable and inclusive participation in the Core Area economy.</p>	<p>This unique model brings affordability to commercial real estate, reduces vacancies, creates equitable access to space, allows entrepreneurs and nonprofits to establish themselves and thrive, and maximizes the economic and social benefits for the community. Leveraging the income derived from market-value paying tenants allows the head lessee to lease to diversity-owned businesses, social enterprises, and other service providers at below market rates. This concept has been successful in many North American cities such as Calgary,^{XL} Toronto,^{XLI} Vancouver,^{XLII} San Francisco,^{XLIII} and many others.</p> <p>Financial Impact: Medium</p>

4.4 Strategic Area of Focus 3: Place

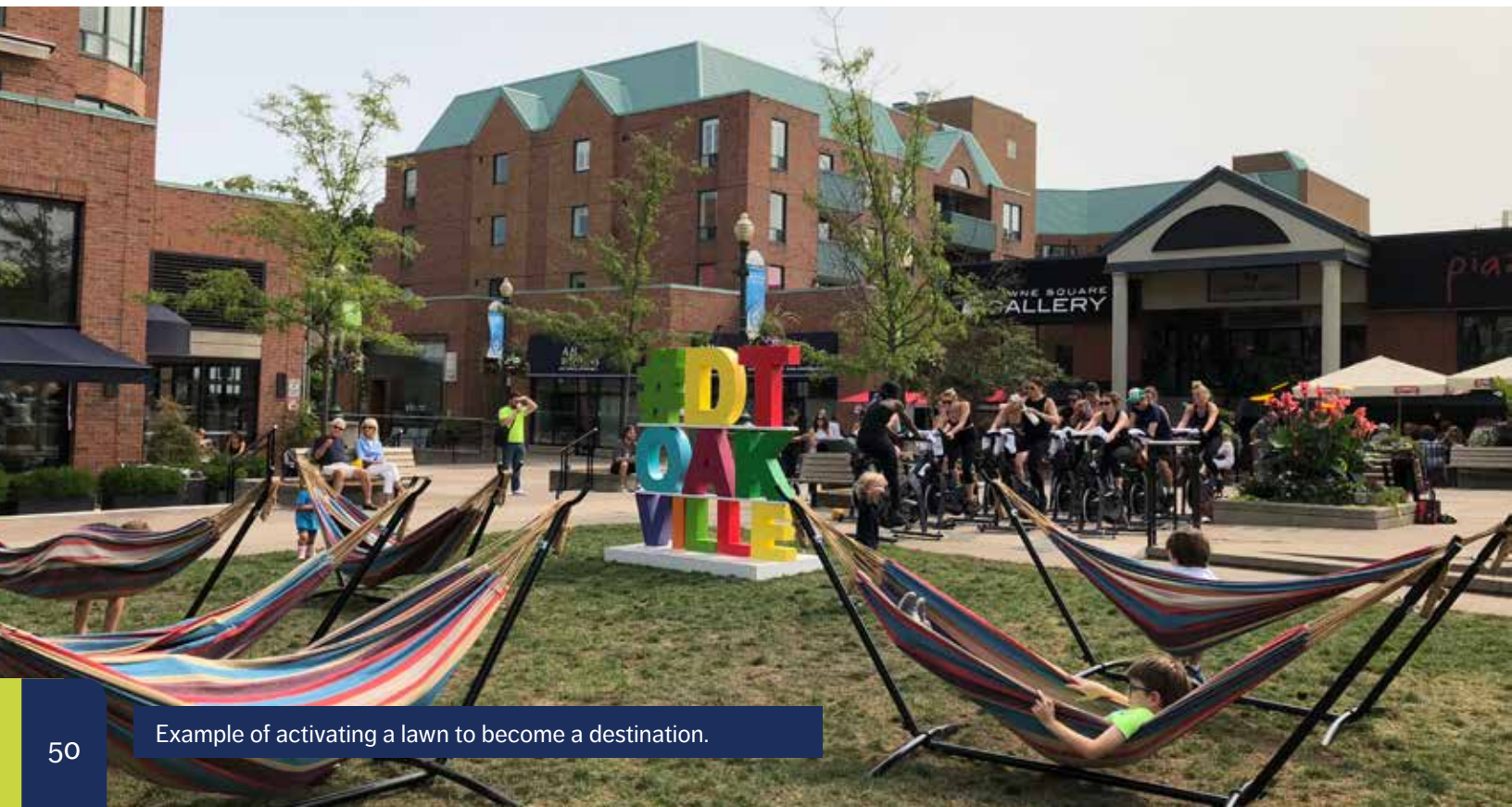
Why Place Is a Strategic Area of Focus to Address Core Area Land and Building Vacancy



Empty buildings mean fewer people on the street, which impacts local businesses, public and private property, the perception of safety and security, and the collective image of the Core Area. Instead of having an economic base primarily focused on major commercial office use, the Core Area must evolve into a place that offers a healthy mix of experiences that broaden the economic base. This means that the Core Area must become a place that people love, where tourism, retail, services, festivals, arts and culture, and attractive, accessible, and well-activated public spaces flourish.

What is required is an adequate diversity of users and activities in a high-quality environment to balance out the economic ecosystem.

It also means the spaces are activated at all times of day, and all days of the week. More "eyes on the street" mean more security and less property crime or vandalism. Greenspaces, open spaces, and parks are equally important. With planning and intention, streets, sidewalks, laneways, and surfaces throughout the Core Area can host a range of events, activities, and creative expressions to transform the Core Area into a place that becomes a destination of choice.



Place Strategic Initiatives

Strategic Initiative	Rationale
<p>18. Acquire Core Area vacant lands and surface parking lots to create high quality small-scale local public open spaces and parkettes which focus on creating a vibrant and complete neighbourhood to attract more residents and businesses to the Core Area.</p>	<p>To help facilitate conversion of office to residential, and generally attract more residential and business tenants, there needs to be a focus on creating “people-place magnets.” Smaller parks and open spaces can help, of which, the Core Area currently has very few. Parks and open spaces provide a place to sit, visit, and gather with others.^{XLIV} North American cities, such as Dallas, are replacing parking lots with parks to transform their downtowns, increase population density, and boost the tax base.^{XLV}</p> <p>Financial Impact: High to Very High</p>
<p>19. Add more flexibility for design and allow reduced or no amenity space to be provided on-site for new builds and conversions in the Core Area where there is public common amenity space in nearby proximity.</p>	<p>The creation of new interior and/or on-site amenity space for private use on a development property may lessen the tendency to visit nearby public spaces serving similar functions. It may also represent an obstacle to the creation of additional new buildings and conversions. This strategic initiative would be realized through the Site Plan Control Area By-law Review project.</p> <p>Financial Impact: No Impact</p>
<p>20. Amend the Core Area Safety Audit Grant Program to offer new solutions that make vacant properties secure, but also more marketable.</p>	<p>Safety and security of property is a concern with vacant buildings. Often solutions such as gates and boarded-up windows serve as a barrier to renting vacant space because it signifies an area is closed for business and creates a perception that the area is unsafe.^{XLVI} In many North American cities boarded-up windows are being replaced by creative solutions that keep properties secure while sending a message that the Core Area is open for business.</p> <p>Financial Impact: Low to Medium</p>

Strategic Initiative	Rationale
<p>21. Consider implications on nearby commercial space vacancies when selecting the 12 - 15 total hub locations across the community to be implemented as part of the Health & Homelessness In London, Ontario: A Whole of Community System Response.</p>	<p>Consultations identified that concentration of social services means there is higher-than-normal experience of social issues in the Core Area. Individuals who participated in the consultation explained that tenants are leaving the Core Area and lease renewals are difficult because of social issues.</p> <p>Financial Impact: Not Known</p>

4.5 Strategic Area of Focus 4: Promotion

Why Promotion Is a Strategic Area of Focus to Address Core Area Land and Building Vacancy



Addressing Core Area vacancy requires a focus not only on the supply of space, but demand for space. Attracting and retaining businesses to Core Areas is crucial to long-term, sustainable economic growth, and addressing vacancy. Organic growth to fill vacant space in the Core Area will not be sufficient.

Filling vacant properties requires a focused mandate, creative promotion, and cultivated relationships.

Tenant recruitment and retention require persistent business development and relationship building. Driving visibility and raising awareness of available properties through targeted promotions and campaigns is a crucial element. Taking advantage of new technologies further enhances connections to those seeking available space.



Individual landlords (383 Richmond St.) promote the availability of commercial space, but no entity tracks the overall Core Area inventory.



Promotion Strategic Initiatives

Strategic Initiative	Rationale
<p>22. Create a City of London team to develop and lead an investment attraction strategy to encourage commercial occupancies in the Core Area and to promote an available supply of land and buildings throughout the Core Area that reflects the broad range of market demand and opportunities for economic growth.</p>	<p>There is currently no entity specifically responsible for centrally tracking the supply of and demand for Core Area commercial space and promoting its availability.</p> <p>Financial Impact: Medium</p>
<p>23. Amend the Core Area Community Improvement Plan to create a grant program to encourage the use of temporary window displays in vacant, ground floor units to promote available commercial retail space in the Core Area.</p>	<p>Filling vacant properties requires that potential tenants know that the property is available to lease and the type of property that is available (e.g., restaurant). Instead of leaving shop windows vacant or boarded-up, there are alternative, ground floor animation options such as window decals depicting how the interior space might be occupied or displays promoting community events and activities.</p> <p>Financial Impact: Low to Medium</p>



Temporary window displays may help inspire how any specific vacant shopfront space can be tenanted.

Section 5.0:

Implementation

5.1 Strategy Implementation

The City of London Core Area Land and Building Vacancy Reduction Strategy will take time, effort, and resources to implement. Its successful implementation will need strong stewardship, focused coordination, and transparent accountability. This will be done through the development of concrete action plans, identification of staff to lead this work, and measurement of progress through key metrics.

Further, the overall positive performance of the strategic initiatives will require addressing the economic, health, and social issues being experienced in the Core Area that influence and affect land and building vacancy.

Strategic initiatives that require financial resources to implement will need to be referred to the Multi-Year Budget process and business cases will need to be prepared and approved.

Most importantly, this work cannot be done alone. The path forward will require a commitment to cooperate on strategy implementation among City staff, partner organizations, realtors, major landlords, developers, and many other stakeholders.

All strategic initiatives will be nuanced to practical economic ramifications in four distinct areas – as per Section 3.2.

5.2 Monitoring and Reporting

Accurate data provides a critical foundation for understanding whether a strategic initiative is having the desired effect. Therefore, 2022 baseline data collected through the Core Area Land and Building Vacancy Study will be updated at regular intervals to ensure accurate data is available to inform decisions and monitor progress.

In addition, through the Core Area Land and Building Vacancy Reduction Strategy there is a commitment to consistent and accurate monitoring and reporting, which will occur through the City of London's Strategic Plan reporting processes.

Sources

- ^I Gorman, Hugh. (2022, November 15). *Bringing vibrancy to Canada's downtowns*. Real Estate News EXchange. <https://renx.ca/bringing-vibrancy-to-canadas-downtowns>
- ^{II} City of Edmonton. *Downtown Vibrancy Strategy*. https://www.edmonton.ca/sites/default/files/public-files/Downtown_Vibrancy_Strategy.pdf?cb=1654795443
- ^{III} White, Richard. (2021, June 26). *Downtown Calgary's biggest issue is safety, not empty office buildings*. <https://www.cbc.ca/news/canada/calgary/road-ahead-downtown-calgary-safety-richard-white-1.6080239>
- ^{IV} Health Canada. (2022, December 14). *Modelling opioid-related deaths during the COVID-19 outbreak*. Government of Canada. <https://www.canada.ca/en/health-canada/services/opioids/data-surveillance-research/modelling-opioid-overdose-deaths-covid-19.html>
- ^V Miller, Adam. (2022, March 11). *2 years into the pandemic, Canada's mental-health system is at a crisis point*. CBC News. <https://www.cbc.ca/news/health/canada-mental-health-crisis-covid-19-pandemic-1.6382378>
- ^{VI} Ryan, Denise. (2021, February 17). *Vulnerable and marginalized most affected by mental health challenges during COVID*. Vancouver Sun. <https://vancouversun.com/news/vulnerable-and-marginalized-most-affected-by-mental-health-challenges-during-covid>
- ^{VII} Federation of Canadian Municipalities. (2020, September). *COVID-19 and housing: Critical need, urgent opportunity*. Federation of Canadian Municipalities. <https://data.fcm.ca/documents/resources/covid-19-and-housing.pdf>
- ^{VIII} The Current. (2020, October 12). *Pandemic is creating a new type of homelessness, says outreach worker*. CBC Radio. <https://www.cbc.ca/radio/thecurrent/the-current-for-oct-12-2020-1.5757769/pandemic-is-creating-a-new-type-of-homelessness-says-outreach-worker-1.5757770>
- ^{IX} Mason, Gary. (2023, April 14). *The unseen victims of homeless encampments*. The Globe and Mail. <https://www.theglobeandmail.com/opinion/article-the-unseen-victims-of-homeless-encampments/>
- ^X Dobson, Sarah. (2022, October 6). *How many workers are refusing to go back to the office?* HR Reporter. <https://www.hrreporter.com/focus-areas/culture-and-engagement/how-many-workers-are-refusing-to-go-back-to-the-office/370462>
- ^{XI} Kucharsky, Danny. (2022, December 20). *Reckoning coming for many of Canada's B and C office bldgs*. Real Estate News EXchange. <https://hardbacon.ca/en/business/canadian-remote-workers-are-ready-to-walk-if-forced-back-to-the-office-full-time/>
- ^{XII} Gensler Research Institute. (2022). *Returning to the Office. U.S. Workplace Survey 2022*. Gensler. <https://wisp.gensler.com/wp-content/uploads/2023/02/US-Workplace-Survey-2022.pdf>

- XIII Zadikian, Michelle. (2022, March 10). *Return to the office full-time? Survey finds most say 'no thanks.'* BNN Bloomberg. www.bnnbloomberg.ca/return-to-the-office-full-time-survey-finds-most-say-no-thanks-1.1735517?taid=6229dfd7cae724000198728
- XIV Balinsky, Stefani. (2023, April 19). *Survey: Canadian remote workers are ready to walk if forced back to the office full time.* Hardbacon. <https://hardbacon.ca/en/business/canadian-remote-workers-are-ready-to-walk-if-forced-back-to-the-office-full-time/>
- XV Kucharsky, Danny. (2022, December 20). *Reckoning coming for many of Canada's B and C office bldgs.* Real Estate News EXchange. <https://renx.ca/conversions-coming-canada-b-c-class-office-buildings>
- XVI McLean, Steve. (2023, March 8). *Bringing workers back to the office: the challenge continues.* Real Estate News EXchange. <https://renx.ca/bringing-workers-back-office-challenge-realcapital>
- XVII McLean, Steve. (2023, March 8). *Bringing workers back to the office: the challenge continues.* Real Estate News EXchange. <https://renx.ca/bringing-workers-back-office-challenge-realcapital>
- XVIII Gensler Research Institute. (2022). *Canadian Workplace Survey 2022.* Gensler. <https://www.gensler.com/gri/canada-workplace-survey-2022>
- XIX Gensler Research Institute. (2022). *Canadian Workplace Survey 2022.* Gensler. <https://www.gensler.com/gri/canada-workplace-survey-2022>
- XX Hugo, A., Askwith, L., & de Prisco, M. (2022, February 3). *A Resilient Office Is an Occupied Office.* Gensler. <https://www.gensler.com/blog/a-resilient-office-is-an-occupied-office>
- XXI McLean, Steve. (2023, March 8). *Bringing workers back to the office: the challenge continues.* Real Estate News EXchange. <https://renx.ca/bringing-workers-back-office-challenge-realcapital>
- XXII Paynter, S. & Render, D. (2021, June 14). *The Benefits of Converting Class C Office Into First Class Residential.* Gensler. <https://www.gensler.com/blog/the-benefits-of-converting-class-c-office-into-first-class>
- XXIII Paynter, S. & Render, D. (2021, June 14). *The Benefits of Converting Class C Office Into First Class Residential.* Gensler. <https://www.gensler.com/blog/the-benefits-of-converting-class-c-office-into-first-class>
- XXIV Kucharsky, Danny. (2022, December 20). *Reckoning coming for many of Canada's B and C office bldgs.* Real Estate News EXchange. <https://renx.ca/conversions-coming-canada-b-c-class-office-buildings>
- XXV O'Brien, Frank. *Vancouver not looking to demolish B and C class office space.* (2023, April 4). Western Investor. <https://www.westerninvestor.com/british-columbia/vancouver-not-looking-to-demolish-b-and-c-class-office-space-6804147>
- XXVI Basiouny, A. & Gyourko, J. (2022, February 28). *What's Going to Happen to All Those Empty Office Buildings?* Knowledge at Wharton. <https://knowledge.wharton.upenn.edu/podcast/knowledge-at-wharton-podcast/whats-going-to-happen-to-all-those-empty-office-buildings/>

- XXVII Kucharsky, Danny. (2022, December 20). *Reckoning coming for many of Canada's B and C office bldgs.* Real Estate News EXchange. <https://renx.ca/conversions-coming-canada-b-c-class-office-buildings>
- XXVIII Kucharsky, Danny. (2022, December 20). *Reckoning coming for many of Canada's B and C office bldgs.* Real Estate News EXchange. <https://renx.ca/conversions-coming-canada-b-c-class-office-buildings>
- XXIX Kucharsky, Danny. (2022, December 20). *Reckoning coming for many of Canada's B and C office bldgs.* Real Estate News EXchange. <https://renx.ca/conversions-coming-canada-b-c-class-office-buildings>
- XXX Paynter, S. & Render, D. (2021, June 14). *The Benefits of Converting Class C Office Into First Class Residential.* Gensler. <https://www.gensler.com/blog/the-benefits-of-converting-class-c-office-into-first-class>
- XXXI Ionescu, Diana. (2023, March 15). *Why Office Conversion is Trickier Than You Think.* Planetizen. <https://www.planetizen.com/news/2023/03/122150-why-office-conversion-trickier-you-think>
- XXXII Hugo, A., Askwith, L., & de Prisco, M. (2022, February 3). *A Resilient Office Is an Occupied Office.* Gensler. <https://www.gensler.com/blog/a-resilient-office-is-an-occupied-office>
- XXXIII The Canadian Urban Institute. (2023). *The Case for Conversions. Understanding opportunities for conversions of office space to housing in Canadian downtowns.* The Canadian Urban Institute. <https://canurb.org/wp-content/uploads/The-Case-for-Conversions-FINAL.pdf>
- XXXIV Pike, Helen. (2018, May 2). *Housing incentive helps Calgary's affordable units skyrocket.* StarMetro Calgary. <https://www.thestar.com/calgary/2018/05/02/housing-incentive-helps-calgarys-affordable-units-skyrocket.html>
- XXXV Paynter, Steven. (2022, June 16). *What We've Learned by Assessing More Than 300 Potential Office-to-Residential Conversions.* Gensler. <https://www.gensler.com/blog/what-we-learned-assessing-office-to-residential-conversions>
- XXXVI Grabar, Henry. (2022, December 12). *Why the Dream of Turning Empty Offices Into Housing Is a Bust.* Slate. <https://slate.com/business/2022/12/office-housing-conversion-downtown-twitter-beds.html>
- XXXVII Golob, Leah. (2022, December 2). *How this Calgary company is transforming empty offices into housing units.* Maclean's. <https://macleans.ca/society/how-this-calgary-company-is-transforming-empty-offices-into-housing-units/>
- XXXVIII Invest in Hamilton. *Commercial Vacancy Assistance Program.* <https://investinhamilton.ca/tools-data/financial-incentives/municipal-programs/commercial-vacancy-assistance-cva-program/>
- XXXIX Swinney, P. & Williams, M. (2016, November 21). *The Great British Brain Drain.* Centre for Cities. <https://www.centreforcities.org/reader/great-british-brain-drain/>
- XL Commercial Real Estate. (2019, June 26). *Pop-up shops breathe new life into commercial spaces.* Calgary Herald. <https://calgaryherald.com/business/commercial-real-estate/its-the-year-of-the-pop-up-shop>
- XLI City of Toronto. *Community Space Tenancy.* City of Toronto. <https://www.toronto.ca/community-people/get-involved/community/community-space-tenancy/>

- XLII Community Impact Real Estate. *Available Units*. <https://www.communityimpactrealestate.ca/portfolio/available-units>
- XLIII City and County of San Francisco. (2023, February 9). *Vacant to Vibrant: connecting new ventures to ground floor vacancies*. City and County of San Francisco. <https://sf.gov/reports/february-2023/make-it-easier-start-and-grow-business#vacant-to-vibrant-connecting-new-ventures-to-ground-floor-vacancies>
- XLIV Porter, Casey. *Characteristics of a Vibrant Downtown*. University of New Hampshire Cooperative Extension. <https://scholars.unh.edu/cgi/viewcontent.cgi?article=2209&context=extension>
- XLV McCardel, Michael. (2022, May 3). *Y'all-itics: Is it any surprise that Downtown Dallas started to thrive once it began replacing parking lots with parks?* WFAA-TV. <https://www.wfaa.com/article/news/politics/yall-itics/yallitics-parking-lots-to-parks/287-86a9bb30-bb0c-42df-bd09-578bd873b95f#:~:text=The%20plan%20to%20create%20a,largest%20park%20in%20Downtown%20Dallas>
- XLVI Meagher, Syama. (2020, April 3). *The Bad Optics Of Retailers Boarding Up Their Windows*. Forbes. <https://www.forbes.com/sites/syamameagher/2020/04/03/boarded-windows-broken-messages/?sh=77bfc7634413>