

## Appendix A – Commercial/Industrial Vacancy Rates Update

At their meeting of May 2, 2019, Council directed staff to provide information on the City's commercial and industrial vacancy rates. Economic Development staff have put together the following information in response to this request.

### CONSULTATION

Economic Development staff have connected with representatives from Ontario's North Economic Development Corporation (ONEDC), a consortium of the five large cities in Northern Ontario (including Greater Sudbury, North Bay, Timmins, Sault Ste. Marie and Thunder Bay). This outreach sought to gain insight on how their municipalities are tracking their commercial and industrial vacancies, with the following responses received:

- NORTH BAY: Not tracking. Having internal discussions to determine if there's a purpose to track and how to do so.
- SAULT STE MARIE: Not tracking vacancy rate, rely on local real estate market for general information.
- THUNDER BAY: Not tracking vacancy rate.
- TIMMINS: Not tracking the data. Too difficult to collect and maintain.

Staff also contacted the following agencies to see if they are tracking the data, or have an interest in tracking it:

- CBRE: Only tracking data for large metropolitan areas. Not currently collecting data on Sudbury and do not have the resources locally to perform this work. Small market size noted as constraint.
- COLLIERS CANADA: Only tracking data for large metropolitan areas. Not tracking data for Sudbury and no immediate intentions of doing so. Small market size noted as constraint.
- SUDBURY REAL ESTATE BOARD – Reviewing Information available.
- MALLETT-GORING SUDBURY: Previously tracked locally, no longer doing it. Interested in data but indicated it is very labour-intensive and not sure they have the capacity to compile and maintain it.
- CITY OF HAMILTON: Tracking the data annually through a summer student program (15 students), but concerns remain that the data is not entirely reliable. Previously tracked the data for the downtown core only in order to measure the success of its Downtown CIP, but recently expanded tracking to the entire city.

## **PROCESS**

Based on the feedback from industry experts and colleagues across other municipalities, we have concluded the data to calculate an accurate vacancy rate in the commercial and industrial sectors does not exist and would need to be created.

- In order to determine a reliable vacancy rate, a survey of property owners in both the commercial and industrial sectors will have to be conducted.
- The City's GIS Department has an accurate database of all commercial and industrial properties. Using MPAC data of all of the 400 (Commercial) and 500 (Industrial) series properties based in Sudbury. Staff believe that using the information from this database to determine a baseline property inventory, and then conducting a sample size survey of the property owners to request current vacancies will provide an accurate representation of the vacancy rates in both sectors.
- The approach recommended is to engage an independent polling firm to conduct a survey, based on a random sample of the property owners in the database to determine the vacancy rates.
- Staff are working with the City Clerk to determine if the Greater Sudbury database purchased from MPAC can be utilized for this purpose, based on the terms of the City's agreement with MPAC, as well as MFIPPA regulations.
- As an alternative to use of the MPAC data for this purpose, staff have confirmed that the polling agency has their own existing database they can use to conduct the survey. There will be additional implications, such as ensuring their database is categorized in the same manner as the MPAC data. The information from the MPAC data will be used as a baseline for total inventory.

## **BUDGET**

The project is estimated to cost approximately \$5,000, dependent on the availability of the internal database provided by the City. This cost will be covered by existing operational budgets, as this information aligns with Economic Development goals and mandate to attract new investment opportunities.

## **TIMELINE**

Staff estimates that the total project will be completed in approximately four weeks, including a final report providing the vacancy rates for both the commercial and industrial sectors. This information will be brought forward to Council for its consideration in the near future.

## **FUTURE**

Staff is in the process of completing this exercise and will continue to conduct this exercise on an annual basis to monitor trends in industrial and commercial vacancies as a potential indicator of economic climate and a tool to guide policy recommendations.