Centre Wellington

Centre Wellington Business Park Strategy

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McSWEENEY
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1. Target Sector/Industry Analysis Overview

To develop an understanding of the industrial land market, the best practices in design, infrastructure, planning, and servicing a business park, as well as key industries for attraction, McSweeney and Associates completed a Target Sector/Industry Analysis Report in 2021. The report documents local and regional economic trends, as well as provincial and national industry trends and concludes on target industries for investment attraction into the Township of Centre Wellington.

Centre Wellington has a growing population, primarily driven by migration from within the province. However, businesses locating here have access to a labour force that expands beyond the Township and the County. The Situational Analysis (2018) showed the Township attracts workers from across the Kitchener-Cambridge-Waterloo CMA, as well as from Wellington County. The CMA is a central mid-sized economy with employment concentrations in high-tech manufacturing. On the other hand, Wellington County is made up of small rural economies, with employment concentration in agriculture and agri-business, as well as manufacturing industries. Lastly, this region of Ontario is recognized as a centre for agro-innovation and high-tech manufacturing driven by institutions like the Universities of Guelph and Waterloo. As a result of these institutions, employers locating in the Township have access to over 320,000 graduates with notable skills concentrations (larger percent share) relative to the province, within the following major fields of study:

- Mechanic and repair technologies/technicians
- Engineering technologies and engineering-related fields
- Biological and biomedical sciences
- Agriculture, agriculture operations and related sciences
- Precision production

In terms of the highest income generators, the following local industries have the highest wages in the Township of Centre Wellington:

- Merchant Wholesalers (i.e. new motor vehicle parts)
- Manufacturers (i.e. animal food, glass, machinery and metalworking)
- Architectural, engineering and related services
- Agencies, brokerages and other insurance-related activities
- Computer systems design and related services

Over the past five years, the largest employment generators in the Township of Centre Wellington were:

- Nursing and residential care facilities
- Transportation equipment manufacturing
- Educational services
- Food manufacturing
- Specialty trade contractors

Meanwhile, in terms of businesses (with employees), the largest growth industries are related to construction, food services, professional services, and machine manufacturing. On the other hand, self-employed entrepreneurs have had the highest impact in the number of farms, real estate agents, financial activities and management consulting.

Independent of the surrounding region, health care, agriculture, tourism, manufacturing and professional services represent the five key sectoral strengths of the community. Furthermore, construction and retail support these 5 sectors as the population grows. Within the regional economy, building equipment contractors, software publishers, financial services, specialized design services, and other amusement and recreation industries are the fastest-growing employment industries (by % change in jobs) for the key occupations identified as employment drivers in the labourshed. These industries are illustrative of where the regional economy is flourishing while creating jobs.

The data analyzed suggests that the Township has been more successful than its regional competitors[1] in accelerating job growth within several manufacturing industries, as well as in medical and personal services. Of particular interest for this study, was the growth in local employment concentrations in food product manufacturing and architectural, engineering and related services, both of which outpaced the regional competitors.

Throughout the report, the strengths and competitive advantages of the community, as related to the labour force, economy, and regional assets were identified and juxtaposed with the surrounding economy and its strengths. The result was the identification of keys sectors/clusters, plus strategic niche industries within each of these.

Target Industries for Light Industrial/Business Park

Food and Beverage Manufacturing

Niche Opportunities

- Frozen food production
- Cannabis-infused beverages and food ("edibles")
- Dairy product manufacturing

[1] Includes Cambridge, Kitchener, Waterloo, Woolwich, Guelph, Orangeville, North Perth, and Stratford.

Equipment, Metalworking and Machinery Manufacturing

Niche Opportunities

- Agricultural and construction machinery manufacturing
- Electrical equipment manufacturing
- Metal fabrication and metalworking machinery manufacturing

Organic and Medical-Chemical Manufacturing

Niche Opportunities

- Soap, cleaning compound and toilet preparation manufacturing
- Pharmaceutical and medicine manufacturing
- Biomass resources for fuel and electricity

Professional Services

Niche Opportunities

- Computer systems and design
- Specialized design services (includes graphic, industrial, interior and other design services)
- Architectural, engineering and related services

Information and Cultural Industries

Niche Opportunities

- Motion picture and video industries
- Software industries

2. Market and Location Analysis

2.1 Market Analysis

Following is a summary market analysis with respect to employment/industrial lands in the area. The analysis was based on discussions with local real estate experts and local economic development staff, as well as online research.

- COVID has negatively impacted retail and office-type businesses, and particularly their related real estate sub-markets.
- The pandemic has had a limited impact on the industrial market, and growth in this sector accelerated in the latter half of 2020, with strong growth predicted in 2021.
- There is a scarcity of serviced vacant employment lands suitable for industrial development in the Midwest/Southwest Ontario, especially for lots that are 1 to 5 acres in size.
- Industrial building vacancy and availability rates are very low as the construction of new products slowed in 2020 while absorption continued. Market intelligence suggests there is a pent-up demand for 10,000 to 50,000 sq ft buildings.
- Institutional investment traditionally focussed on the office and retail real estate markets is now more focussed on the bright spot in the non-residential market – industrial development. Financial institutions (BDC, banks, credit unions) are actively encouraging their clients to expand their industrial business at this time of very low interest rates.
- Due to tight vacancy rates, increased money supply at low rates, and rising industrial capacity utilization rates, industrial land sales have been very strong and have (and continue to) accelerate.
- A limited land supply is driving up land prices, both in urban areas and in secondary/peripheral markets as businesses seek lower-cost location solutions.
- Construction costs generally, and forestry-related construction products specifically, are rising rapidly.
- There is a growing interest from larger developers/investors from the GTA and other urban areas to invest in secondary/peripheral markets, although this interest is more specifically focussed on the multi-tenant lease product and build to lease segments of the market.
- To date, land sale prices have not supported private sector development of industrial parks in the area, therefore leaving this market to municipalities to serve. Not all municipalities in the Wellington County area are currently engaged in industrial land development, and all have a very limited supply remaining.
- It has been reported that several local businesses would grow if suitable land was available.

2.2 Current Supply of Industrial Land

Following is a summary of competing industrial employment lands in the regional market.

Primary Market Area - Region of Waterloo and City of Guelph

City of Waterloo – northwest area of the City

- City-owned lands to be released in 2021.
- Strict design guidelines will impose significant development costs on end-users.
- Development of this area is geared more towards office than traditional industrial (i.e. manufacturing, food processing, etc.).
- Every building will be required to be 'net zero energy'.
- Lands are now being appraised and may be on the market in the next 2 to 6 months.

City of Kitchener

- Privately owned by BC Insurance Plan and Broccolini. Highway 401 & Homer Watson lands was acquired at $436,000/acre, is approximately 5 years out before it will be on the market.

Cambridge

- Municipally owned. Allandale Road - 50-acre block just north of Cambridge, is zoned industrial but still needs servicing. Will sell for $650,000 to $700,000/acre.
- Privately owned. Part of the 425-acre IP Industrial Park, north of Cambridge Business Park, has been purchased by HOOP (Healthcare of Ontario Pension Plan). Their plan to develop the 300 acres is to build and lease large-scale industrial, advanced manufacturing, office and data centre space.

City of Guelph

- Hanlon Business Park
    - City-owned.
    - Selling at $350,000 to $450,000/acre fully serviced.
    - 3 properties available (4.4 acres, 6.3 acres and 12.5 acres).
    - Zoned Corporate Business.

Township of Wilmot (on Highway 7 & 8, between New Hamburg and Baden)

- Wilmot Employment Lands (council endorsed recommendations for approval on February 22, 2021)
    - 2 industrial plans of subdivision with a total of 94 acres of industrial and light industrial zoned lands.

Secondary Market

Minto

- Land prices for current serviced land ($35,000/acre), originally priced at $65,000/acre.
- Palmerston Industrial Park
    - Municipally owned.
    - 25 total acres on Minto Road with two lots remaining for sale (3.83 acres and 3.92 acres) rough graded and serviced to the lot line.
    - 14-acre irregular-shaped parcel available (currently their Provincially certified land site) which will be subdivided into smaller lots.
- Harriston Industrial Park
    - Municipally owned.
    - 30 acres available, not currently serviced, but costs of servicing this area are now being investigated.
    - Requires rezoning (currently zoned agriculture).

Mapleton

- Drayton Industrial Park
    - Municipally owned. Phase 2 has 5 acres remaining.

North Dumfries (Ayr)

- $700,000/acre asking price, dry industrial with well and septic only.
- Outside storage allowed.

Woolwich

- Elmira
    - The Town of Elmira does not have any Town-owned lands available. One privately owned property at 100 Oriole Parkway East is for sale: 5.13 acres; M2 zoning; asking $513,100. Services to the lot line.
    - The last property sold for $600,000 for one acre with full services to the lot line.

Amaranth

- Privately owned: 10.126 acres, currently for sale on paved road west of Orangeville. Asking $3.7 million. Zoned M1.

Wellington North

- Arthur
    - Privately owned: 62.1 acres; zoned M1H; services available to the lot line. Hold is subject to sewage and water servicing capacity being available. New water tower is needed. Lots can be severed to a minimum of 2 acres.

City of London

- Fully serviced city-owned industrial land in London sells at $70,000/acre and up.

Current Supply of Vacant Industrial Land in Centre Wellington

Current Supply of Vacant Dry Industrial Lands in CW			
Location	Acres	Owner	Notes
7451 Speers Road, Elora	15.66	Privately owned	Development will require an alternate exit from Speers Road
7444-7446 Wellington Road 18, Elora	6-8	Privately owned	Lands at front of properties being severed and sold as additional dry industrial
7448 Wellington Road 18, Elora	7.52	Privately owned	Vacant

Current Supply of Vacant Serviced Industrial Land in CW			
Location	Acres	Owner	Notes
Glengarry Crescent	2.77	Privately owned	Serviced to the property line. Asking $1.25million.

2.3 Historic Demand

The following is an overview of industrial land consumption for the past 5-10 years in Centre Wellington.

- With respect to the small/medium-sized municipalities surveyed, the Township of Centre Wellington has experienced the highest level of land absorption on employment lands over the past decade (to 2018), totalling 59 acres per year[2]. Land absorption has since declined due to the lack of available supply.

Actual current market demand is difficult to articulate as there is a pent-up demand for Industrial land throughout the area. Examples of local future expansion opportunities based on recent inquiries include:

- Kooiman Industries – currently in Guelph in a rented space but wants to own property again and return home to Fergus.
- Wellington Perforated – expanding on their Gregson Court site but will be limited on further expansion as the lot is becoming built out.

Rising land prices are also driving some businesses in the primary market to seek lower cost locations, albeit choices are limited. Stirling Marathon Appliances is an example of a company that moved out of Guelph to ten acres of land in Centre Wellington.

2.4 Projected Demand Analysis

Several market forces are combining to create a strong regional demand for employment land that Centre Wellington could at least partially fulfill.

- Low industrial vacancy rates and minimal industrial building product for sale in both the primary and secondary markets around Centre Wellington.
- Continued growth within many industries including manufacturing.
- Institutional investment is now more focused on the industrial market, at a time of very low-cost money.
- Rapidly rising land costs, particularly in the primary markets, combined with very scarce land availability.
- Potential clients from Guelph are already approaching the Township, and there is built-in demand from growing Centre Wellington companies.

[2] Watson & Associates, Centre Wellington Municipal Development of Elora/Fergus Employment Areas – Business Case

- The above market forces are stronger drivers of demand than the forces that existed when absorption rates in Centre Wellington averaged 59 acres/year. It is safe to say that if a sufficient supply of appropriately sized, competitively priced, and strategically located serviced industrial land (lease and ownership tenure available) was currently and continuously available in Centre Wellington, absorption would exceed 60 acres/year.
- Allowing for market lag and awareness building, it is projected that the available lands in the Centre Wellington Business Park would sell out in less than 24 months.

2.5 Location Analysis of the Centre Wellington Business Park

Location Analysis

- The subject lands, owned by the Township of Centre Wellington, are located immediately east of the terminus of Dickson Drive within the existing Fergus Industrial Area and within the Official Plan Urban Boundary.
- The developable area is currently estimated at approximately 17 hectares or 42 acres.
- The lands have been used for agriculture and are currently undeveloped.
- The lands are relatively flat topographically.
- Environmentally, there is a provincially significant wetland in the northern section of the lands which will impact the developable area and the manner in which development occurs.
- Fergus is served by community wells and water flows are steady and not decreasing. Water service can easily be extended from the current 300 mm water service on Dickson Drive to serve the area. Industrial uses requiring large quantities of water will not be permitted.
- Similarly, wastewater can be connected from the area to an existing Dickson Drive 300 mm sanitary sewer with sufficient flow capacity available. It has not been determined if a force main and sewage pumping will be required.
- It is understood that adequate power and gas are available and can be extended along Dickson Drive to serve the area.

Site Linkages

- Unfortunately, connections to major roads such as Highway 6 are not direct. The Centre Wellington Business Park should have the Dickson Drive extension connect through to 1st Line Road.
- By road, the site is:
    - Approximately 1 km to Highway 6
    - Approximately 45 km along Highway 6 to the Highway 401 exit ramp

- Approximately 80 km along Highway 9 across the top of the GTA to Highway 400
- Approximately 30 km to Guelph
- Approximately 40 km to the Region of Waterloo International Airport

Overall Comparative Site Location Advantages/Disadvantages

In terms of comparative advantages:

- The location of Fergus and the site relative to Guelph is advantageous in comparison to most competing properties, with excellent future connections to Highway 6.
- The subject lands are well-positioned and shaped to provide industrial lots in the 1 to 5-acre size – the lot sizes which are in high demand.
- The subject lands can be easily and efficiently serviced.
- The township has a large, established and concentrated manufacturing base.
- The employment base is forecast to grow by an additional 11,000 jobs, with 35% of these jobs to be accommodated in employment lands[3].

In terms of comparative disadvantages:

- The site is not directly on a major highway, and is distant from Highway 401, therefore limiting the desirability for high traffic-generating uses.
- Water consumptive uses cannot be accommodated.
- The subject site is best suited for small end users and is not therefore suited to meeting large acreage requirements.

Recommendations for the Highest and Best Use of the Land

- A "business park" – somewhat upscale from other industrial parks and developments in the area is recommended. The business park objective would be achieved through a combination of permitted uses, zoning controls and site plan controls, building and landscape design guidelines, as well as the quality of municipal infrastructure.
- The target user of the Centre Wellington Business Park would be businesses (typically manufacturers) requiring owner-occupied buildings in the 10,000 to 50,000 square foot size range and would not include retail and/or other public-serving type uses.
- A new custom zoning should be developed to support the development of the business park to achieve municipal employment objectives while discouraging inappropriate uses.

[3] Watson & Associates, Centre Wellington Municipal Development of Elora/Fergus Employment Areas – Business Case

- A minimum density/lot coverage requirement should be required of each purchaser.
- Building exterior design guidelines and landscape guidelines are recommended.

Estimated Land Sale Values

- Based on the values and recent sales of land in the area, the Centre Wellington Business Park could conservatively have a market value of $200,000/acre up to $250,000/acre for serviced land (assuming reasonable restrictions and requirements).

Conclusions

In the Centre Wellington/Guelph/Kitchener-Waterloo area, there is a strong and growing demand being driven by businesses/industries requiring owner-occupied buildings of 10-50,000 square feet on 1 to 5-acre sites. The supply of suitable lands continues to be very tight, and land prices are escalating rapidly.

The Centre Wellington Business Park is positioned to capture a significant portion of this large, growing, and pent-up demand by supplying appropriately sized and competitively priced serviced business park land, which will result in the completion of sales of available lands within two years of availability.

3. Planning, Design, Infrastructure, Servicing

3.1 Planning

County and Township Planning Documents

McSweeney & Associates reviewed planning documents from both Wellington County and the Township of Centre Wellington, specifically the Official Plans and found that there were no issues or concerns with these documents and that there are no changes required or recommended.

Planning Objective

The creation of a new Business Park zone is intended to establish a mixed office/light industrial area that will result in a high-quality business park environment. The zoning would also be supported by building and landscape design guidelines.

New Business Park Zone

Permitted Land Uses

The types of uses listed below should be permitted in the Business Park zone, provided that all uses are subject to a limitation of drawing no more than 50,000 litres of water per day. Further, end uses and users that would generate substantial traffic are to be discouraged. Screened outside storage is permitted as an ancillary use to the main permitted use contained within the building. It is expected that all developments would be categorized as Category 1 in Ontario's land use planning guide for appropriate distances between industrial areas and sensitive land uses (https://www.ontario.ca/page/d-6-1-industrial-categorization-criteria).

Following are the recommended permitted uses in this zone.

1. Artist studio
2. Broadcasting or production station or studio
3. Computer, electronic, and data processing
4. Contractors and trades (residential and non-residential)
5. Emergency services
6. Government service, municipal service centre
7. Laboratory
8. Industrial and agricultural equipment assembly, rental, sales, service if contained wholly within the building, and not serving the general public

9. Light, wholly enclosed industrial uses including assembly, fabricating, manufacturing, stamping, processing and packaging of goods or raw materials.
10. Office uses, call centres
11. Printing and publishing
12. Research and development facility
13. Service and repair of assembled or fabricated goods or products, business and consumer-related goods or products that are wholly enclosed within a building
14. Small batch brewery or distillery, including on-site sales*
15. Technology establishment
16. Training centre (for trades, technologies or industrial)
17. Wholesale businesses (not dealing in retail goods, and not selling to the general public) that are wholly enclosed within a building

Land Uses not Permitted

To provide further definition of the nature of the Centre Wellington Business Park, the following are examples of uses that would not be permitted in this zone.

- Abattoir
- Auction centre
- Automobile gas bar
- Large-scale beverage manufacturing
- Building material suppliers
- Bulk storage tank or bulk materials storage
- Heavy equipment (agricultural, industrial) assembly, rental, sales, and service unless wholly contained within the building and not requiring outside storage
- Concrete, asphalt plants
- Courier services, trucking, transfer
- Display and sales area for retail and wholesale items not manufactured onsite (should be in a commercial zone)
- Drive-through
- Factory outlet (should be in a commercial zone)
- Garden centre (could locate in rural areas)
- Landscape material suppliers
- Medical clinics (permit in commercial zones)

- Mini-warehouse and public storage (permit in rural area and Industrial Park – unserviced)
- Municipal or utility services (requires too much outside storage)
- Parking lot
- Personal service businesses, entertainment
- Refreshment vehicle
- Restaurants of any kind
- Retail store of any kind
- Towing service
- Transportation depot or terminal
- Truck rental, sales, and service
- Vehicle sales and rentals, service and repair
- Warehouse or distribution centre
- Waste processing, recycling, composting, and/or transfer facility (permit in Industrial Park – unserviced)
- Wrecking yard or used auto parts yard

Yards and Setbacks

Generally, the yards and setbacks should follow industrial zone provisions of the zoning bylaw for M1 Service Industrial with a few exceptions as noted below.

a) Minimum lot frontage - 30 m (98.4 ft)

b) Minimum front yard- 7.5 m (24.6 ft) (exception)

c) Minimum Rear Yard - 6 m (19.7 ft) (exception), but if the rear lot is abutting a Residential, Institutional Zone, Future Development or Open Space Zone the minimum rear yard shall be 15 m (49.2 ft)

d) Minimum Interior Side Yard - 3 m (9.8 ft), but if the interior is abutting a Residential or Institutional Zone, the minimum interior side yard shall be 6 m (19.7 ft)

e) Minimum Exterior Side yard- 6 m (19.7 ft)

f) Minimum Landscaped Area (exception)

   i. Front yard: 100% of area in front of front wall of building, except areas provided for paved access/egress and visitor and handicap parking.

   ii. 100% of the required minimum side and rear yard requirements, or to any fence line or opaque screening provided, whichever is greater.

g) Outdoor display areas (exception) – not permitted

h) Outdoor Storage (exception) - Outdoor storage shall be permitted to the rear of the building only and shall be opaquely screened from view from the public realm per the 2015 public realm guidelines for industrial areas.

i) Setback from Adjacent Uses Where land zoned Industrial Business Park abuts any land zoned for residential, institutional, future development or open space purposes, no buildings shall be allowed within 15 metres of said zone.

Urban Design

Centre Wellington has a very comprehensive set of guidelines in place for the Industrial areas. It is recommended that Centre Wellington adheres to the public realm guidelines in the 2015 Centre Wellington Place Matters Urban Design Guidelines for Industrial Areas. Further that the private realm guidelines be adhered to during the development approvals processes for each lot.

The following refinements are recommended to the private realm guidelines.

- That visitor parking, handicap parking and quick drop off/pick up area may be permitted in the front yard. Employee parking may be located on an interior side yard or rear yard.
- That the above permitted front yard parking area and access/egress roadways be paved and curbed from the roadway to at least the front façade of the building.
- All other vehicular areas be hard-surfaced with a minimum specified depth of appropriate porous granular material.
- That fencing not be permitted in front of the front façade of the building.
- That mirrored windows and curtain walls be permitted.
- That flow controls be utilized on building rooftops to aid stormwater flow management.
- Industrial buildings that include offices should have offices facing the street.
- That any utility boxes that can only be located in the front yard be screened as much as possible with one or more landscaping, berming, and ground signage features.
- Fully landscaped lots with hard and soft landscaping are encouraged. Hard and soft landscaping of front yards is required.

The following refinement is recommended to the public realm guidelines:

- That a multi-use pathway may be considered in lieu of the required sidewalks.

3.2 Infrastructure Planning

This subdivision is subject to a municipal class environmental assessment which could impact planned infrastructure. It is recommended that this work proceed immediately. While a traffic impact study is also required, and should also be conducted as soon as possible, it is noted that high traffic generating uses are not recommended as permitted uses.

The location of the lands facilitates an easy extension of existing services into the subdivision. The existing 300 mm water main and 300 mm sewer, as well as road and underground hydro, can all be extended from the existing Dickson Drive into the subdivision through to 1st Line.

The current subdivision design will be examined by Centre Wellington engineers to determine if a sewage forcemain and pump lift will or will not be required. The cost of this has not yet been estimated or included in the financial analysis.

The roadway should be an industrial cross-section with curbs to define the roadway and channel stormwater. A multi-use pathway may be considered in lieu of a sidewalk along the north side of the Dickson Drive extension. A multi-use pathway is also planned for connection:

- From the dog park near the northwest corner of the property;
- Travel south between proposed lots 3 and 4;
- Continue south on either side of lot 11 (if no Dickson Court) or along Dickson Court and between proposed lots 15 and 16 (if Dickson Court is required) to the southern boundary of the property.

A landscaped entrance feature and ground signage are recommended at the east and west entrances to the business park.

With the approval of directions contained within this report, Centre Wellington should proceed with the required studies and final subdivision design in preparation for approval and construction tenders.

3.3 Service Phasing

It is recommended that the extension of Dickson Drive from its current end through to 1st Line Road and all other related services be constructed in one phase.

Should the market demand not be present for the planned 2 or 3 larger lots in the 6-12 acre size within the first year, this “large lot” area can be further serviced with “Dickson Court” in a second phase to achieve a larger number of small lots.

4. Property Administration, Management and Marketing of the Business Park

4.1 Municipal Engagement in Employment Lands Development vs Private Sector Development

Following is some background information related to the direct involvement of municipalities in employment land development.

- Employment land development is a key contributor to the economic development, employment base, economic sustainability and prosperity of the municipality as well as the prosperity of the private sector.
- Serviced employment land development requires a large investment, has a comparatively long hold/sales period, only a marginal rate of return on investment, and fluctuations in the economy can result in slow periods of few or no sales. For these reasons, the private sector (across Canada) will only purchase and develop industrial land if it can realize a significant return on investment through the eventual sale of these lands to offset the risks and long sales cycles.
- In most Canadian markets, with few exceptions, unless the municipality engages in employment land development, there will typically be an insufficient supply of shovel-ready land.
- Municipalities typically view the "return on (employment land development) investment" more broadly than the private sector, which is generally focused on financial return on investment. The public sector considers community benefits like employment created, job retention and attraction, municipal/corporate tax revenues, economic spin-off, and better balance in the residential/non-residential assessment ratios, in addition to the financial return on its investment.
- To compete aggressively and effectively for employment, those municipalities that take a progressive and proactive approach to economic development, often acquire, service and market employment lands to meet the needs of the local market.
- In markets with very marginal rates of return and long sales cycles, the municipality is often the only employment/industrial land developer. In "hot" markets with rising or high land prices, municipal engagement in the market often serves to temper rapidly escalating land prices, helping the municipality to remain competitive.
- Municipalities can be the longer-term patient investors that ride out slow market conditions while ensuring a constant land supply is available, thereby ensuring that the municipality can compete for investment at all times.
- While municipalities frequently consider other potential investments, which compete for municipal capital, very few other municipal investments will result in a complete

return of the original investment amount, let alone a return on that investment amount (financial return greater than total invested amount).

Municipal Examples:

- A Southwestern Ontario municipality made a total land and infrastructure investment in an industrial park totalling $1M quite a number of years ago. With sales to date of $3M (20 acres remaining), developed properties are generating annual taxes of $1.6M, and have created 686 jobs to date.
- The experience of another Southwestern Ontario municipality that actively engaged in industrial land development over a long period of time follows:
    - Over 11 years, an average of 351,000 square feet of industrial building space was constructed annually, consuming an average of 54 acres annually;
    - Businesses located (over a period of 16 years) on municipally developed lands now generate in excess of $12 M in taxes per annum, retaining 1,836 jobs and creating 3,659 new jobs.

It is our observation and conclusion (having worked with hundreds of municipalities across Canada) that natural market forces are typically inadequate to ensure there is a sufficient supply of appropriately sized, competitively priced, and strategically located serviced employment/industrial land to meet business needs or community economic development objectives.

Why Private Sector Land Development may not Meet Municipal Objectives

Following is a brief description of why private sector development of industrial land frequently does not meet municipal objectives for industrial land development.

- The private sector naturally seeks to maximize profitability – and this often results in attempts to convert industrial lands into higher economic return land uses such as commercial and residential.
- The following issues (that are incongruent with municipal objectives) can occur with privately-held industrial land:
    - Private owners without significant investment in the land (servicing costs not paid by the owner for example), or owners with a very long investment return horizon, may effectively hold land off the market by over-pricing it;
    - Many private owners may not wish to sell land at all. Owners may wish to avoid paying capital gains tax, which would be triggered by a land disposition;
    - Private owners may not have the required knowledge or experience to skillfully and successfully develop industrial land;

- Private owners may make land available only on a build-to-suit/lease basis to derive greater profits. Build to lease avoids the property disposition and therefore avoids triggering a capital gain. This means that a business wanting to own its property cannot be accommodated;
- Private owners, despite promises to the contrary, often hold out for a conversion of the land to other more profitable uses, later arguing they could not sell or develop the land profitably;
- The sales of private sector land are likely to be less discriminate than sales of publicly-owned land (such as selling fully serviced properties to land extensive – low employment uses, or to higher-paying retail uses).

It should be noted, however, that industrial lands that are owned and developed by experienced industrial land/building development firms in a competitive market are usually sufficiently (financially) motivated to ensure that the land is priced appropriately, and that build to suit/lease development costs are reasonable.

4.2 Centre Wellington Municipal Policy Context

The following policies provide the policy context for the development and sales of land in the Centre Wellington Business Park:

- Wellington County Official Plan;
- Centre Wellington Official Plan.

The Centre Wellington Official Plan, in particular, provides strong policy statements with respect to the need for employment diversification and employment land development. Pertinent excerpts from the Official Plan follow.

From Major Goals Section

> *Encourage sustainable economic growth to provide employment opportunities and tax revenues for the Township.*

From the Economic Development Section

> *The Township will ensure that sufficient land is designated and available to accommodate an appropriate range and mix of employment opportunities (including industrial, commercial and institutional uses) to meet projected needs for the growth forecast.*
>
> *The Township will encourage and support decisions, which ensure that an adequate supply of employment lands is available at all times.*

From the Strategic Action Plan Section

> *Provide the necessary infrastructure and related environment to provide for the needs of growth and investment…*
>
> *Focus on the retention and expansion of the existing base of industry, identifying and meeting the needs of existing businesses and exemplifying a pro-active and anticipatory attitude towards business investment and development.*

From the Industrial Section:

> *In recent years, industrial growth in the Township has not kept pace with residential growth. The Township must ensure that adequate supplies of serviced industrial lots are readily available to prospective businesses. The development of an industrial base is essential to the future prosperity and vitality of the Township.*
>
> *The objectives for industrial development are as follows:*
>
> 1. *To diversify the local tax base by increasing industrial assessment;*
> 2. *To provide adequate industrial lands in appropriate locations to meet long term land use requirements;*
> 3. *To protect existing and planned industrial development from incompatible or sensitive land uses;*
> 4. *To ensure that fully serviced industrial lots are available;*
> 5. *To ensure that users of the industrial land are "clean" industries which do not have a detrimental effect on the urban centres and that any potential adverse impacts of industrial development on the natural environment and surrounding land uses are minimized;*
> 6. *To encourage attractive industrial areas through appropriate design standards.*

The private sector has not sufficiently engaged in the provision of an adequate supply of employment lands, and therefore the municipality must be proactive to ensure the policy statements are achieved. Centre Wellington already has a successful track record in employment land development.

The following policies are recommended to support and guide both the current and future Councils and administrations in decision-making related to Township engagement in employment land development.

4.3 Centre Wellington Employment Land Development Policies

Following are the suggested policy statements for consideration by the Township of Centre Wellington, which may be stand-alone as a Centre Wellington Employment Land Development Policy, or policy statements which may be included in future amendments to the Official Plan, or other corporate policies as appropriate:

Policy Purpose:

The Township seeks to increase local employment by ensuring sufficient locations for businesses to operate, and thereby improving the economic health and sustainability of Centre Wellington while creating greater balance in the tax base.

Policy Objectives:

1. That the Township ensure a sufficient supply of appropriately sized, competitively priced, and strategically located serviced employment land is available on the market at all times for businesses that wish to own and build or lease their business premise.
2. Ensure that available land meets the needs of the businesses/industries the municipality is specifically targeting for attraction and retention.
3. Collaborate with the private sector wherever possible to help ensure achievement of Policy Objectives 1 and 2 above.

Policy Statements:

1. To the extent that the private sector (or collaboration with the private sector) does not yield a sufficient supply of appropriately sized, competitively priced, and strategically located serviced employment land (lease and ownership tenure available) to market, the Township may engage directly (or in collaboration with the private sector) in the acquisition, planning, development/servicing, marketing and sales through an Employment Land Development Program to ensure that Policy Objectives 1 and 2 above are met.
2. That the above Employment Land Development Program operates on a self-sustaining basis such that in the medium to long term, financial support from local taxation is not required. Expenditures related to land acquisition, planning, engineering, development, marketing and sales of employment lands are to be recovered from sales revenues of such lands.
3. That a land sale pricing schedule for Township-owned employment lands be established from time to time, with the objective of achieving fair market value for lands sold.

The above-recommended policies will assist Council decision-making and in communicating Centre Wellington's approach to employment land development to the public.

4.4 Centre Wellington Economic Development Reserve Fund

The following recommendations are presented for consideration with respect to the Economic Development Reserve Fund.

1. That the purposes of the Economic Development Reserve Fund include:
    a. Self-funding of employment lands acquisition and development.
    b. Support for other economic development related capital investments that may be required in the future.
2. The sources of funds for the Economic Development Reserve Fund would include but not necessarily be limited to:
    a. All proceeds from the sale of any municipally owned employment lands.
    b. Funding from OLG that is allocated by Council to economic development.
    c. Funds that may be provisioned by Council from time to time.
3. The object of expenditures for the Economic Development Reserve Fund be established in the following general order of priority:
    a. Repayment of debts associated with borrowing for employment lands acquisition, development, servicing and marketing costs.
    b. Funding for current and future employment lands acquisition, development, servicing and marketing costs, sufficient to meet all of the Township's policy objectives.
    c. An annual allocation to the CIP Reserve.
    d. Funding for the Manager of Economic Development position, on a declining basis as described in OLG Funding Allocation Policy report dated Dec. 1, 2020.
    e. When excess funds exist in the reserve fund after meeting the above needs, other such capital expenditures as are required to support the economic growth of the Township and the balancing of the tax base as described in the Official Plan.

4.5 Objectives for Centre Wellington Business Park

Following are the suggested Township objectives for the Centre Wellington Business Park:

1. The Centre Wellington Business Park seeks to increase local employment by providing locations for businesses to operate, and thereby improving the economic health and sustainability of Centre Wellington while creating greater balance in the tax base.

2. That the development of the Centre Wellington Business Park is carried out in a manner that meets all approved Township policies and objectives.

That municipal policy objectives related to the Centre Wellington Business Park (and the Employment Land Development Program) be made public, visible and transparent.

4.6 Centre Wellington Business Park Sales Pricing Policy

It is recommended that a lot by lot sales pricing schedule (policy) be approved by Council. The pricing schedule should reflect the current market value of the lands. The following policies are recommended:

1. That business park lands be sold at a price that represents fair market value[4] considering location, services, and the terms and conditions of sale.
2. That a per acre/hectare sales pricing schedule for each proposed lot may recognize the following:
    a. Higher visibility lots and small lots command a higher price;
    b. Lots that are of irregular shape or irregular frontage/depth ratio, or are not fully developable for any reason, generally require a discount from nearby asking prices;
    c. Initial sales may be "discounted" slightly to achieve market attention and momentum. Lot prices tend to rise as the area becomes more recognized, sales are secured, and again after servicing and road construction have been completed, and finally as building construction starts.
3. That Council annually review and approve the pricing schedule, and revise if required, any standard terms and conditions related to employment property sales, as well as the parameters and limitations of negotiation.
    a. Annual pricing schedule recommendations should be supported with a market analysis of competing properties. Should the Centre Wellington Business Park be subject to an exclusive listing agreement (not recommended), this requirement[5] could be added to the broker's requirements.
    b. During times of rapidly escalating land prices, the Chief Administrative Officer[6] is authorized to adjust prices upwards to reflect current trends in land prices.

[4] Moderately priced land at fair market value allows the municipality to effectively and successfully compete for development, while providing an open, fair and transparent business environment.

[5] Ideally, a summary of vacant industrial land sales in the Calgary area is provided monthly by the broker as part of the listing agreement requirements.

[6] Chief Administrative Officer or CAO in this report includes Acting CAO in all cases.

4.7 Employment Land Sales Policies

1. That Council approve these sales policies and the internal sales procedures to be followed by the Administration with respect to employment land sales.
2. All offers to purchase employment lands will follow the approved policies and procedures (and not be sent directly to Mayor or Council for example).
3. That the authority to accept Offers to Purchase and bind the Corporation to the sale of employment lands be delegated to the Chief Administrative Officer (CAO), conditional upon each being compliant with all Council approved policies and procedures. Council retains the authority to accept any Offer to Purchase that is not compliant with Council-approved policies and procedures.
4. The Township may choose from time to time to limit the number of sales to developers (for speculative development, build to suit, or multi-tenant developments) reserving a number or percentage of lots for purchase by end-users.
5. Purchasers/businesses that will generate higher economic impact may from time to time be given precedence over low impact/employment-generating businesses.
6. Land extensive businesses shall be actively directed elsewhere (building materials yards, contractor storage and assembly areas, outside storage yards, etc.).
7. That a summary of closed sales and the related status of development be provided to Council on a regular basis.

Offer to Purchase, Agreement of Purchase & Sale

1. Upon completion of review and Council approval of the recommended policies and procedures, that the Township engage a lawyer specialized in municipal and commercial real estate to be instructed to prepare a standard form Offer to Purchase and an Agreement of Purchase and Sale which incorporates all relevant requirements of approved policies and procedures.
2. The Offer to Purchase and the Standard Form of Agreement of Purchase and Sale shall subsequently be approved by Council. Purchasers requiring substantive changes from the approved Standard Form of Agreement shall have the proposed revised agreement approved by Council before execution.

4.8 Marketing the Centre Wellington Business Park

Key Industry Audiences

Three key audiences have been identified as targets for opportunities associated with the development of the Centre Wellington Business Park lands.

1. Businesses that have recently been in contact with the Centre Wellington Economic Development Office requiring land: Businesses that have recently expressed interest in purchasing land in Centre Wellington and have already approached the Centre Wellington Economic Development Office.

2. Centre Wellington industries requiring expansion/relocation: Following priority marketing to currently interested businesses, the second business attraction priority of the Township of Centre Wellington should be existing Centre Wellington businesses wishing to grow or relocate.

3. Attraction of businesses and identified target industries from outside of Centre Wellington: The third priority chronologically would be the attraction of businesses and the target industries that are looking to expand/relocate, and that are not currently located in Centre Wellington.

Marketing Strategies to Reach Key Industry Audiences

PRIORITY 1: Businesses that have recently been in contact with the Centre Wellington Economic Development Office requiring land

A number of businesses have recently expressed interest in purchasing land in Centre Wellington and have already approached the Centre Wellington Economic Development Office. Those businesses that are compatible with the proposed zoning should be contacted to determine if they are interested.

PRIORITY 2: Centre Wellington Industries Requiring Expansion/Relocation

Centre Wellington's regular business visits should be infused with information on the Centre Wellington Business Park opportunities available. Additionally, the Business Park opportunity should be communicated to the business community generally. Businesses that reveal a potential for a relocation or expansion during a business visit or through other means, may benefit from a follow-up focused solely on the details of the Centre Wellington Business Park project. As the land supply in Centre Wellington has been tight, there has been a pent-up demand for expansion within Centre Wellington companies. A large portion of the total new business investment in any community can be attributed to re-investment by existing companies.

PRIORITY 3: Attraction of Businesses & Target Industries from Outside of Centre Wellington

After Centre Wellington businesses have been made aware of the opportunity, a more public marketing of the Centre Wellington Business Park lands can begin.

There are two main target audiences to reach:

- Real estate brokers and agents, with a focus on those active in the Kitchener/Waterloo/Guelph/Wellington County region.
- Businesses located in the Kitchener/Waterloo/Guelph/Wellington County region seeking to relocate or expand.

Real Estate Brokers and Agents

The Township can accept and negotiate offers to purchase directly from companies or from agents/brokers. It is recommended that the Township pay brokers a 5% commission on represented sales. Alternately, but not recommended in this case, a listing broker may be used on an exclusive basis.

Some options for marketing to real estate brokers include:

- Develop a list of contacts for local real estate brokers.
- Presenting the Centre Wellington Business Park opportunity to ICI (Industrial Commercial Investment) agent meetings at key Kitchener/Waterloo/Guelph/Wellington County Industrial, Commercial, Investment (ICI) brokers' offices.
- Connecting with key ICI agents on an individual basis through email, or phone to present the Centre Wellington Business Park opportunity.
- Hosting an on-site "event" when the lands are serviced – perhaps at a "road (Park) opening" ceremony.
- Providing marketing materials to more distant Ontario ICI brokers, with consideration given to meeting with key Southern Ontario and GTA ICI brokers.
- Regularly informing ICI brokers and agents, perhaps with a Centre Wellington e-newsletter, of recent approvals, developments, sales, or other items of interest that indicate the building of Centre Wellington Business Park market momentum.

The objectives of the broker/agent meetings are to:

- Provide a briefing on the current status of the Centre Wellington Business Park development;

- Provide a summary of the sales and lot information;
- Articulate the Centre Wellington and Business Park value proposition;
- Explain permitted uses and related regulatory details; including any fast-track permitting process;
- Provide Township of Centre Wellington contact information.

Attracting Business/Target Industries from Outside Centre Wellington

Finally, it will be important to establish a general market awareness of the Centre Wellington Business Park opportunity in the Kitchener/Waterloo/Guelph/Wellington County and the "west of GTA" area.

Marketing studies indicate that responses increase when an integrated, coordinated, multi-channel marketing communications campaign is undertaken. This campaign must be supported, however, with an ability to provide an instantaneous response, whether via an online/auto-response or by personal touch with further details.

The extent of the awareness campaign will likely be limited by the available budget. Centre Wellington could consider some initial marketing efforts to create market awareness, but then fall back to a more limited campaign that would include:

- Keeping real estate agents and brokers as well as marketing partners informed of changes and developments through electronic communication;
- Keeping marketing partners informed;
- Keeping the website up to date; and
- Maintaining a regular e-newsletter.

Use of Regional Marketing Partners

Wellington County: It is recommended that Centre Wellington participates in Wellington County's site selection and investment attraction programs. Collaborative marketing programs not only provide a broader product offering to potential investors but also provide an opportunity to participate at a fraction of the cost of "going alone".

City of Guelph: It is also recommended that Centre Wellington connect with the City of Guelph and work with them to provide any information on businesses that may want to expand but can not be accommodated in Guelph.

Marketing Support Collateral

A cross-media marketing campaign should include, but not be limited to:

- Creation of a Centre Wellington Business Park identity and brand that can be utilized in any marketing materials and provides a unifying identity.
- Addition of a Centre Wellington Business Park web page on the Municipality of Centre Wellington economic development website. Information on the evolving planning and development status should be kept up to date.
- Branded signage could include one or all of the following:
    - Permanent gateway signage to be installed at the two entrances (1st Line and Dickson Road and Dickson Road and Gregson Court) that utilize the Centre Wellington Business Park identity/branding.
    - Locational signage at the entryways to the Centre Wellington Business Park displaying a map of the lots, along with the Centre Wellington Business Park website, and a dedicated phone number and email address and other relevant information.
    - Signage on the individual lots, including relevant information about the property along with contact information and current information on the property (i.e. it's availability).
    - Temporary marketing signage located in opportune locations in and around the municipality and highly visible to potential investors.
- A Centre Wellington Business Park kit folder and a sell sheet, outlining the value proposition and key facts. PDF versions to be available for emailing and download.
- An enquiry response template that is Centre Wellington Business Park branded and contains or appends supporting information for serious enquiries. This enquiry response template would be useful for all enquiry responses, not just the Centre Wellington Business Park.
- A Centre Wellington Business Park e-newsletter or regular email updates.
- Maps, including simplified maps indicating the location of the Centre Wellington Business Park within Centre Wellington, and Centre Wellington in relation to other centres west of the GTA, showing major highway connections. Include labour force commuter shed maps and one or more Centre Wellington Business Park maps, including lotting and lot sizes, prices, and any sales to date.
- Creation of media attention, perhaps bolstered by a media (and broker/agent) event, such as a ground-breaking ceremony. Support coverage through online media. Selective advertising could be considered in support of other "editorial" coverage.

Value Proposition Points

The key value proposition points for the Municipality of Centre Wellington:

- Financial Advantage
  - Reasonable Development Charges
  - Options for "dry" industrial lands
  - CIP incentives
  - Lower taxes and less expensive lands than in the Kitchener/Waterloo/Guelph and the western Greater Toronto Area.
- Municipal Land Advantage
  - Municipally owned employment lands.
  - Lot sizes can be customized to meet individual business needs.
- People Advantage
  - Quality, skilled local workforce
  - Immediate access to a skilled workforce: close to 60% of the resident workforce currently commutes outside of Centre Wellington to work.
- Energy Advantage
  - Centre Wellington Hydro
  - Centre Wellington Energy Initiatives
- Infrastructure Advantage
  - full urban fibre
  - High-quality lands municipal services (including available water and wastewater)
  - Multi-use pathways
- Location Advantage
  - Access to Highway 401
  - Access to U.S. border points (Detroit & Windsor)
  - Proximity to major markets including the Greater Toronto Area, Guelph, Kitchener/Waterloo, Hamilton
  - Home to well established small and large manufacturing facilities.
- Learning and Research Advantage
  - Proximity to two regional innovation centres – Communitech (Kitchener Waterloo) and Innovation Guelph

- Proximity to University of Waterloo, University of Guelph and Wilfred Laurier
- Home to five high tech agricultural research stations

- Community Advantage
  - Low Crime Rate
  - Growth Potential
  - New hospital (2020)
  - Supportive Municipal Government
  - Historic small town centres of Elora and Fergus
  - Full urban fibre