

Executive Summary

The City of Vaughan is currently in the process of updating its Official Plan Review. As part of this process urbanMetrics inc. was engaged to conduct a Commercial Land Use Review (CLR). The purpose of this study is to examine the current commercial structure in the City of Vaughan, to project future space requirements, and to prepare recommendations to accommodate new commercial space within the urban system. The CLR addresses the following six tasks:

1. **An inventory of existing and future retail and service commercial uses and designations** to provide an understanding of the nature of the City's current and developing commercial environment.
2. **A Strengths, Weaknesses, Opportunities, and Threats ('SWOT') analysis** of the existing commercial supply and distribution within the context of growth projections, emerging retail trends and general development occurring within the City.
3. **An assessment of the City's current retail and commercial land use policy planning approach**, including any current or anticipated issues that should be addressed through the new Official Plan process.
4. **A forecast of future commercial space requirements** in the City through to 2031, accompanying spatial distribution and hierarchy of commercial areas, based on York Region's population forecast.
5. **An analysis of current and emerging trends in commercial development**, their implication for the City of Vaughan and any policy directions the City should take in response.
6. **Recommendations** for an appropriate set of goals, objectives, policies, and strategies to guide future commercial development in Vaughan.

Study Findings

Commercial Structure

- In general, Vaughan has a good range of commercial opportunities at all levels of the hierarchy and an appropriate geographical balance. A telephone survey conducted as part of this study suggested that Vaughan residents are generally satisfied with the supply of retail facilities available to them.
- As with many municipalities, Vaughan’s commercial structure has been heavily influenced by the commercial trends prevailing during its various development phases. The four Village Cores – Maple, Thornhill, Woodbridge and Kleinburg – exist as remnants of the former communities which comprise Vaughan. The strip commercial development, which occurred along Steeles Avenue and Highway 7, reflects a combination of the importance of these east-west arterials, their close proximity to Toronto, and the planned function of adjoining lands as business areas. The Promenade Shopping Centre, which opened in Thornhill in 1986 was one of the last department-store-anchored enclosed shopping centres to be constructed in Canada. Since that time Vaughan’s population has grown to three and a half times its size and almost all new major commercial construction across the country has taken the form of big box development. It was during this period that the Highway 400/7 node grew to become one of the largest power centre clusters in Canada. In 2004 Vaughan Mills opened, becoming the first Mills project in Canada, and the first enclosed shopping centre to open in the country in the previous 15 years. It is significant in that it became the first major enclosed centre in Canada without a department store anchor. The lack of power centres and big box stores in the neighbouring City of Toronto, coupled with its access to the 400 series highway system, has enabled Vaughan to develop into a regional commercial service centre with a market extending well beyond its municipal boundaries. Based on the results of a licence plate survey conducted by urbanMetrics inc. in the spring of 2009, over 60% of vehicles parked at Vaughan’s principal retail areas originate from outside of the City.
- Vaughan maintains a number of unique elements within its commercial structure that are attractive to tourists from outside of the City and beyond. In addition to Vaughan Mills, the City contains: many retailers targeted at specific ethnic groups; a broad range of restaurants and eating establishments; a cluster of retail and service activities catering to the wedding industry; a home and design cluster; and a substantial independent retail sector. Although retail is often described as a “population serving” activity, in the case of Vaughan, the retail industry performs a function similar to an export sector – attracting expenditures and investment from a wide area into the City.

Vaughan's Village Cores are hidden gems in the City's retail structure and are overshadowed by the Big Box development and major malls in the City's retail structure. The Cores can play an important role in terms of defining their surrounding neighbourhoods, providing for pedestrian and transit oriented retail opportunities, and, in some cases, acting as visitor-draw to the City. Based on the results of our telephone survey of Vaughan residents, only about one in four Vaughan residents actually shopped at a Village Core over the past year. The Cores also did not score very high in terms of shopping areas Vaughan residents felt represented their lifestyles. Each of the Cores has different challenges and strengths, and requires different revitalization strategies.

- Although Vaughan does have a very wide range of retail facilities, the one gap that exists is the lack of a large scale traditional regional shopping centre, such as Eaton Centre, Yorkdale, Square One, Bramalea City Centre, Upper Canada Mall or Markville Town Centre¹. These types of centres provide a variety of upscale and other fashion and specialty stores not available in Vaughan. For instance, despite the extensive retail inventory in Vaughan, roughly 25% of non-food retail expenditures still flow outside the City.

Supply of Commercial Space

- In total, there is some 14.2 million square feet of commercial space in Vaughan, of which approximately 5% is vacant. This relatively low level of vacancy represents a balanced commercial market.
- On a per capita basis, Vaughan's non-food retail space, which makes up about half of the City's commercial inventory, is about 25% above the average for urbanized municipalities in the GTA and second only to Newmarket. While Vaughan does have more retail space than would be expected for a City of its size, it cannot be considered excessive. This is largely due to Vaughan's role in serving a broad regional area, including the City of Toronto.
- In terms of its supply of food and services space per resident, Vaughan is slightly above average for urban municipalities in the GTA. Again, there is no indication that this level is excessive given Vaughan's regional retail function.
- Approximately half of Vaughan's commercial space is occupied by independent businesses and almost three quarters of commercial businesses are independently owned. This is an important characteristic, in that commercial policy is often drafted with the intention of minimizing the impact of large chain

¹ Although the Promenade in Thornhill is enclosed, it is smaller than these super regional centres, lacks major anchors, and exerts a more localized draw.

retail facilities on main streets, downtowns and local retail facilities. Vaughan should recognize that the local economy and commercial structure is still heavily dependent on non-chain organizations. It will be important to ensure that the future commercial supply continues to be suitable for and accessible to small businesses. As part of this, the City needs to maintain a good supply of affordable commercial space. Industrial areas for example provide space for independently run specialty building supply outlets, and professional services. Likewise, neighbourhood scale retail nodes are important locations for personal services and locally owned retailers. Currently, independent run businesses dominate the core areas and most commercial arteries. The City should ensure, using policy instruments, that intensification of these areas does not significantly erode the affordability of commercial space for independent business owners.

Vaughan's Commercial Market

- The current population of Vaughan is approximately 280,000, ranking 18th among Canadian municipalities. This level of population provides the critical mass to maintain the full range of facilities within the commercial hierarchy.
- Between 1996 and 2006, Vaughan was also the fastest growing municipality in Canada, almost doubling its population. Such rapid growth had two effects in terms of Vaughan's commercial structure. First, it was over this period, that the City experienced an explosion of retail development to serve its expanding residential base. The growth also occurred in a period when almost all major commercial development in Canada was in the form of big box retailing – which has now come to characterize much of Vaughan's retail structure.
- Compared to York Region, Vaughan has a younger population, with average per capita incomes in line with the regional average. Traditionally, the City has been the centre of large Italian and Jewish communities. However, the recent immigration of a number of newer ethnic groups, including East Indian, Russian and Chinese population, has resulted in a more diversified population base. This ethnic diversity has influenced the City's commercial structure, which contains a wide range of independently operated retailers catering to specific cultural groups, together with a wide variety of ethnic restaurants and food service establishments. Much of this commercial activity occurs outside of major retail centres, such as: in older plazas; along arterial strips; and, in some circumstances, in industrial units.
- Based on the telephone survey conducted as part of this study, Vaughan residents are generally satisfied with the retail opportunities available to them. However, some deficiencies were noted. Some 27% of the respondents indicated that there were not enough pedestrian retail areas, such as Woodbridge Village or Kleinburg. One in four indicated that there were not

enough retail facilities accessible by transit and 18% indicated that there was an insufficient number of enclosed shopping centres. Some 20% indicated that there was too much big box retailing.

Growth Prospects

- Between 2009 and 2031, Vaughan’s population is projected to grow by 143,000. This figure is significant in that it is higher than Vaughan’s entire population in 1996. This growth represents 40,000 more residents than what occurred between the 1996 and 2006 period, during which time Vaughan underwent its commercial development explosion. Average annual growth to 2031, however, will occur at a more manageable pace at about 6,500 persons per year compared with almost 11,000 annually between 1996 and 2006. While the amount of growth will have substantial implications on Vaughan’s urban structure, the slower growth rates will provide a more stable environment to implement long term planning initiatives.
- Because the contemporary view of Vaughan’s commercial character is dominated by the significant amount of power centre retailing at the 400/7 interchange, there is a false perception that the future population can be served predominantly through bolstering the supply of local serving retail space. Growth of over 140,000 persons is substantial and will require significant additions to the retail supply at all levels of the hierarchy, including the regional and super-regional levels.
- This population growth translates into a demand for some 8.2 million square feet of additional commercial space by 2031, recognizing income levels, future expenditure patterns by Vaughan residents, expected inflow from outside of Vaughan, and economic growth. This represents a 60% increase over the existing inventory.

Warrented Additional Commercial Space in Vaughan by Census Year and Type of Space

	2009*	Cumulative Additional Space					Total Space 2031
		2011	2016	2021	2026	2031	
Demand							
Non-Food Store Retail	7,067,600	537,100	1,583,000	2,464,700	3,216,600	3,896,000	10,963,600
Food Store Retail	1,349,800	110,000	318,400	497,300	654,500	804,800	2,154,600
Commercial Services	3,339,200	246,000	743,500	1,214,500	1,668,300	2,135,900	5,475,100
Local Offices	1,630,400	133,300	414,500	689,800	962,600	1,249,000	2,879,400
Beer Wine and Liquor	81,900	7,100	22,600	37,900	53,400	69,700	151,600
Total	13,468,900	1,033,500	3,082,000	4,904,200	6,555,400	8,155,400	21,624,300

Source: urbanMetrics inc., 2009

* Does not include vacant space.

- Of this total additional warranted space, approximately half would be in the form of non-food store retail. About 10% would comprise food store space, while some 40% would be in the form of services and local serving office space. Services space includes a wide range of establishments, including restaurants, fast food outlets, banquet centres, entertainment establishments, banks, social clubs, business services, personal services and others. Local serving offices include medical dental offices, real estate offices, accounting and financial offices, and other offices situated either in shopping centres, street related units, and multi-unit industrial buildings. Local serving office space generally includes at-grade office space on street-fronts, commercial plazas and industrial buildings, as well as, office space within planned retail centres.
- Based on the land budgeting work undertaken by Urban Strategies inc., approximately 40% of future population growth could be accommodated through intensification around existing built up areas, as opposed to new greenfield development or expansion outside of existing urban boundaries. Intensification areas would include: Steeles Avenue corridor between Jane and Keele, Vaughan Metropolitan Centre (formerly Vaughan Corporate Centre), Thornhill Centre, Weston Road and Highway, and Yonge Street and Steeles Avenue. The extent of intensification anticipated will have significant implications on the location and format of the City's future retail facilities, particularly in terms of accommodating commercial nodes at the higher ends of the hierarchy with City-wide and broader markets.

Commercial Policies

- OPA 600 establishes a hierarchical approach to commercial planning in Vaughan. At the top of the hierarchy are the Vaughan Corporate Centre (now Vaughan Metropolitan Centre) and Vaughan Centre (now Vaughan Mills).
- Two District Centres were designated to support the new Urban Village areas of Carrville and Vellore. As per the secondary plans for these areas, the commercial space in these District Centres would be limited to 40,000 square metres (430,400 square feet) and should be part of a mixed use area, whereby the commercial uses occupy no more than 40% of the area. A third District Centre has been designated within Vaughan Centre, which is currently developed with Canadian Tire and other retail uses. Although not developed as a mixed use centre, this site is subject to the same size restrictions as the other District Centres.
- Neighbourhood Commercial Centres are intended to fulfill the weekly shopping requirements of nearby residents. Official Plan policies limit these centres to a maximum of 20,000 square metres (215,000 square feet) and exclude department stores as a permitted use.

- The hierarchy is rounded out through the addition of Local Convenience, General Commercial and Service Station and Gas Bar designations.
- While the commercial policies have provided for the development of a significant amount of commercial space, there are a number of issues which should be recognized.
 - First, commercial policies do not adequately address the regional serving needs of the future population. While the Vaughan Metropolitan Centre and Vaughan Mills are designated at the highest level of the hierarchy, the policies do not adequately delineate a strategy as to how they can be expanded to accommodate additional regional serving space or whether additional regional facilities will be required outside of these areas.
 - Secondly, the position of the Village Cores within the commercial structure is not clearly articulated. Village Cores serve different functions, including local services and visitor activities, making it difficult to classify them within the existing commercial structure. For example, whereas the Maple and Woodbridge Cores are oriented around neighbourhood serving functions, the Kleinburg Core exists predominantly as a visitor destination. The Thornhill Core presently functions largely as an automobile oriented artery. However, there is a desire to transform this core into a local, pedestrian friendly area.
 - Thirdly, the maximum size of 215,000 square feet for neighbourhood shopping centres is well above what would normally be required for typical neighbourhood related retailing. The economic consequence is that neighbourhood shopping centres of such scale would compete with the District Centres for many of the same tenants. This is compounded at some intersections, where up to four neighbourhood centres would be permitted, creating the potential for over 800,000 square feet of “neighbourhood” commercial space within one node.

Committed Commercial Space

- Of the 8.2 million square feet of space required to serve future population growth, approximately 60% or 5.2 million square feet has already been committed. This includes projects for which building permits have been issued (577,000 square feet); approved site plan, zoning and Official Plan amendments (514,000 square feet); and sites designated in secondary plans (1.8 million square feet). In addition, some 2.2 million square feet of commercial space is situated within proposed developments, which are under review by the City with respect to site plan, zoning or Official Plan amendments. Based on discussions with staff, it is likely that commercial development will occur on these sites,

although the form and scale may ultimately change from that presented in the original applications.

- It is important to recognize that the largest share of this space may be subject to modifications, so the total committed space represents a general estimate. In that some sites may not be developed to their full potential or may be converted to other uses, the committed space, which totals approximately 5.2 million square feet may represent the high end of the range.
- The difference between the increased demand by 2031 and the committed supply is 3.0 million square feet. This is referred to as “unfulfilled demand”. Based on the projected population, the committed supply would be sufficient to serve demand until at least 2021.
- Of the total unfulfilled demand, we have estimated that approximately 600,000 square feet should comprise retail outlets and services appropriate for employment areas, including small-scale specialty building supply outlets, professional and technical services, selected automotive uses, and some others². Commercial and quasi-commercial uses for employment areas are those that: directly support the function of the employment area; are ancillary to a manufacturing or warehouse business; or cannot reasonably be located within the traditional commercial structure.

Other than a small amount of neighbourhood related space in Kleinburg-Nashville of approximately 100,000 square feet, no further commercial space is required within Greenbelt development areas. As a result, the balance of unfulfilled demand (i.e. 2.3 million square feet) should be allocated to intensification areas and the White Belt. Based on preliminary estimates of White Belt residential development prepared by Urban Strategies, we would recommend approximately 700,000 square feet of commercial space, which should include a mix of convenience, neighbourhood and district serving retail facilities. The ultimate commercial space allocation should be derived through the Secondary Plan process.

The remaining 1.6 million square feet would be required to serve the new residential population in intensification areas. In terms of capacity to accommodate new commercial development, the most significant areas would be the Vaughan Metropolitan Centre, Yonge Street and Steeles Avenue, Steeles Avenue corridor between Jane and Keele, all of which are planned for future subway connections. Other parts of the Steeles and Highway 7 Corridors also

² Small-scale specialty outlets would include flooring dealers, kitchen cabinet makers, plumbing outlets, pool and spa outlets and similar other facilities that would not be appropriate for traditional commercial designations. Large general home improvement centres are not considered appropriate in employment areas.

lend themselves to commercial intensification. Other areas, which may be targeted for residential intensification, such as the Vaughan Mills area, the Promenade and vicinity and other areas may also support additional commercial space. A key consideration for commercial space in intensification areas is that it should function to serve the day-to-day and regular shopping trips of new residents. In a number of cases, such as Steeles West and the Vaughan Metropolitan Centre, areas targeted for residential intensification have never had a population base. As a result, it will be important to ensure that new residents of these areas have an adequate supply of commercial space, including a variety of large and small scale food stores.

- It is also important to recognize that the unfulfilled demand may change, depending on the extent to which commercial development occurs on the committed sites, particularly those designated in the Carrville and Vellore communities for which applications have yet to be submitted, and whether any commercial space is approved on other sites outside of the committed supply. The supply of committed space should be monitored and compared with demand on a regular basis. This would entail maintaining a database of approved and proposed commercial applications.
- While employment land sites are often attractive to commercial developers, the keys to guarding against commercial conversions are (a) to ensure that sufficient commercial lands are designated elsewhere in the community to adequately serve future needs; (b) having a long term strategy for the retail structure that is grounded in a broader land use strategy and vision for the municipality; and, (c) staying true to the vision through enforcement of restrictions on retailing in unwanted areas and the application of incentives in areas that may be less desirable for developers but advantageous from the stand point of achieving broader municipal goals.