



Employment Area Expansion Analysis

Municipality of Middlesex Centre

Final Report

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In association with:



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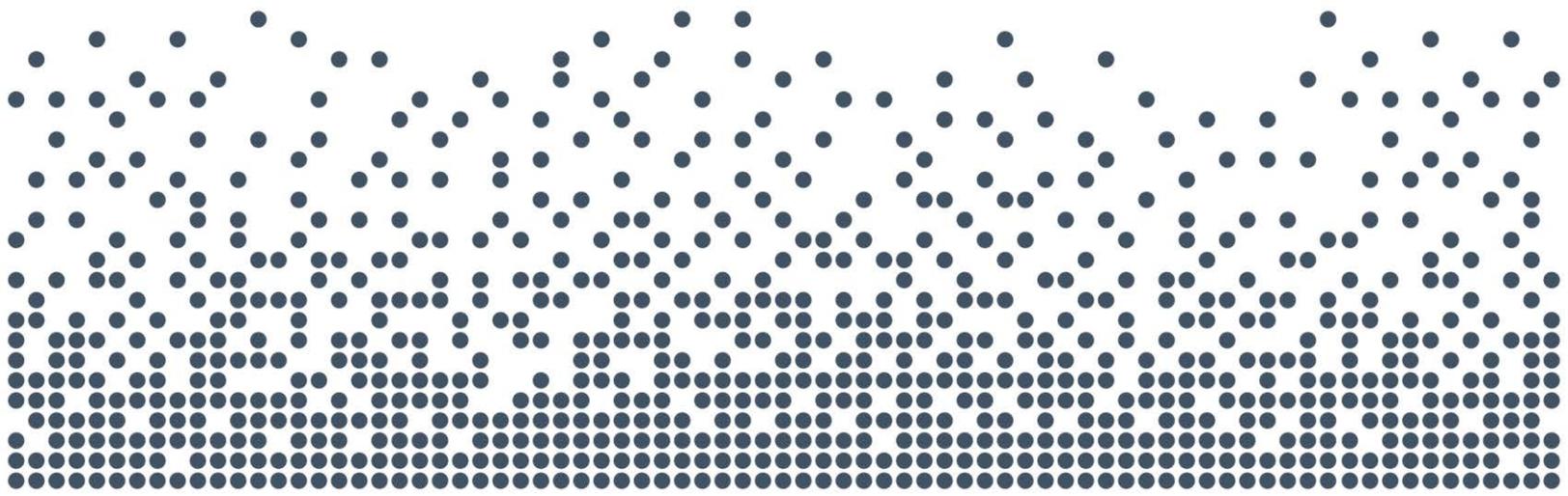
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List of Acronyms and Abbreviations

| | |
|-----------------|---|
| F.D.I. | Foreign Direct Investment |
| G.G.H. | Greater Golden Horseshoe |
| G.T.H.A. | Greater Toronto Hamilton Area |
| G.T.A. | Greater Toronto Area |
| O.E.C.D. | Organisation for Economic Co-operation and Developed |
| O.P. | Official Plan |
| S.W.O.C. | Strengths, Weaknesses, Opportunities and Constraints |
| U.S. | United States |



Executive Summary



Executive Summary

Introduction

Watson & Associates Economists Ltd. (Watson) and Stantec Consulting Ltd. (Stantec) were retained by the Municipality of Middlesex Centre in the Spring of 2021 to develop an Employment Area Expansion Analysis as a supplementary background study to the municipality's Official Plan Review (O.P.R.).

Middlesex Centre Employment Area Marketability and Foreign Direct Investment

The creation of a new Employment Area within Middlesex Centre provides an opportunity to develop and market the municipality to a wider range of prospective domestic and foreign businesses. The creation of a new business park will allow the municipality to plan for a cohesive Employment Area vision which supports a wide range of industrial, commercial and employment supportive business functions. Having a marketable vision for Employment Areas will allow Middlesex County and the Municipality of Middlesex Centre to attract and accommodate new and existing growing businesses, which contribute to regional economic development and growth in the local tax base. As established in the terms of reference for this study, a component of this review is to also examine how the Municipality can develop a new Employment Area which leverages foreign direct investment (F.D.I.). While this report references foreign direct investment, the findings are applicable to local, provincial and national businesses considering locations along the 401/402 corridor.

As the negative economic effects of the COVID-19 pandemic continue to gradually recede, F.D.I. will be an important component of Canada's recovery. From a local perspective, as the anticipated F.D.I. recovery in Canada occurs, it is critical that municipalities are able to offer a range of serviced employment lands, which provide an opportunity to accommodate global capital growth and business development. A new serviced Employment Area within Middlesex Centre along Highway 402 would effectively become a key marketable Employment Area in the County from both a domestic and F.D.I. context.

Target Sectors in the Preferred Middlesex Centre Employment Area

The new Middlesex Centre Employment Area should be planned as a prestige business park, with attributes and amenities to attract the region's growing knowledge-based and industrial economy. Utilizing the strategic advantages of the Highway 401/402 corridor



allow the Municipality to attract a wider-range of potential industrial and commercial businesses which leverage the competitive features and strengths of this area. With this vision in mind, the key target sectors for the new Middlesex Centre Employment Area are summarized below:

- Manufacturing/Advanced Manufacturing;
- Distribution and Logistics;
- Professional, Scientific, and Technical Services/Business Services;
- Research and Development;
- Agri-business; and
- Food and Accommodation Services / and other Employment Supportive Uses.

Middlesex Centre Highway 401/402 Corridor Employment Area Location Options

The economic development prospects of Middlesex Centre are in many ways tied to the success of the broader regional market. The Municipality shares the relative strengths of the broader Highway 402 corridor market in terms of investment attraction, competitive property taxes and development costs. The Municipality's location along this major transportation corridor allows for the efficient movement of goods and people as well as proximity to surrounding growing employment markets. This, along with its proximity to the United States (U.S.) border provides an important competitive advantage for industrial development. The degree to which Middlesex Centre can capitalize on its regional location advantages will depend largely on the competitiveness of its employment lands.

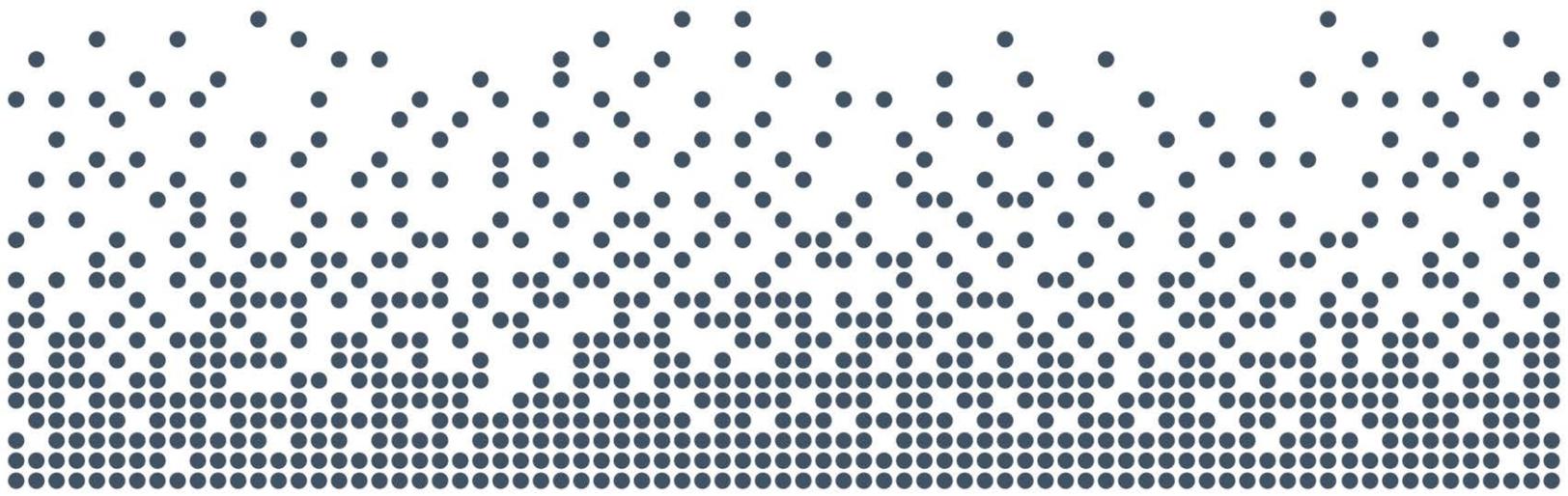
Employment Area 1 (shown in Figure 4-1) represents the preferred location for a new Employment Area in Middlesex Centre. It offers strong cohesion with the existing designated Delaware Employment Area, has a sufficient amount of land area which is relatively unencumbered by environmental constraints, can potentially be serviced in conjunction with the Delaware Community Settlement Area and provides good access/exposure to Highway 402. Furthermore, the existing road network can accommodate the increased traffic associated with the development of this area, which is of critical importance with respect to local traffic impacts.



Conclusions and Next Steps

The Provincial Policy Statement (P.P.S.), 2020 identifies the specific requirements which must be met by Ontario municipalities with respect to the expansion of a settlement area boundary, as set out in section 1.1.3.8.

As part of the Municipality of Middlesex Centre G.M.S. Technical Report - Final, February 2022, the need for the proposed expansion area has been addressed. The analysis conducted through this Employment Area Expansion Study also provides an initial review of infrastructure requirements associated with the proposed expansion area. Additional analysis is recommended to comprehensively assess the financial viability and long-term fiscal impacts of associated municipal infrastructure servicing. Furthermore, prime agricultural area impacts, minimum distance separation and impacts on adjacent agricultural operations will also need to be addressed prior to the approval of a local official plan amendment (O.P.A.) to permit the expansion of the municipality's settlement area boundary. Subsequent to O.P.A. approval, further planning studies associated with the new Employment Area related to land use, urban design, natural heritage and environment as well as municipal review will also be required through the development of a Secondary Plan.



Report



Chapter 1

Introduction



1. Introduction

1.1 Terms of Reference

Watson & Associates Economists Ltd. (Watson) and Stantec Consulting Ltd. (Stantec) were retained by the Municipality of Middlesex Centre in the Spring of 2021 to develop an Employment Area Expansion Analysis as supplementary analysis to the municipality's Official Plan Review (O.P.R.). The primary objectives of this study are to:

- Build on the results of the urban lands needs analysis reported in the O.P.R., to determine suitable location options along the Highway 401/402 corridor for a new urban Employment Area within the municipality;¹
- Conduct a Strengths, Weaknesses, Opportunities and Constraints (S.W.O.C.) analysis to evaluate prospective Employment Area lands, based on:
 - Identified physical opportunities and constraints (existing land use, transportation connectivity, site configuration, natural features);
 - High-level servicing opportunities and constraints associated with water, sanitary and transportation;
 - Real estate market and land use attributes (access to highway interchange, highway exposure, connectivity, site size and configuration, urban structure, etc.); and
 - Other planning and land economic criteria developed by the Consultant Team in consultation with municipal staff.
- Conduct a municipal infrastructure servicing cost analysis of the preferred Employment Area related capital costs associated with municipal water, sanitary and roads infrastructure;
- Identify target industries that would be attracted to this region which would assist the municipality to accommodate both domestic and foreign investment; and
- Conduct a marketability and investment analysis to review the opportunities and challenges associated with the attraction of domestic and foreign business investment within the subject Employment Area.

¹ Official Plan Review. Municipality of Middlesex Centre. Growth Management Strategy Technical Report – Final, February 3, 2022. This study also builds on the Economic Diversification and Growth Management Discussion Papers prepared as part of the Middlesex Centre O.P.R. Official Plan Review | Middlesex Centre



Chapter 2

Middlesex Centre Employment Area Marketability and Foreign Direct Investment



2. Middlesex Centre Employment Area Marketability and Foreign Direct Investment

2.1 Introduction

This Chapter provides a brief review of macro-economic conditions and regional employment trends influencing industrial land development in Ontario. This analysis has been provided as background to a marketability analysis for a new Employment Area within the Municipality of Middlesex Centre aimed to attract and accommodate foreign direct investment (F.D.I.) as well as domestic employment opportunities. Chapter 3 explores key industry sectors that the municipality should target in this new Employment Area and the key site requirements for each industry cluster. Chapter 4 provides a S.W.O.C. analysis for three candidate Employment Area expansion locations in the Municipality as well as recommendations regarding the preferred location option. Appendix A provides a high-level servicing feasibility analysis for the recommended new Employment Area. As previously noted, this feasibility analysis explores servicing considerations related to transportation infrastructure, municipal sanitary servicing and municipal water servicing.

2.2 Planning for Employment Lands in the New Economy

As discussed in the Municipality of Middlesex Centre G.M.S. Technical Report, February 2022 (G.M.S. Final Technical Report), recent structural changes in the regional economy have led to a shift in how Employment Areas are planned and developed. As a result of these changing structural economic trends, “place making” is increasingly recognized as an important planning component in creating diverse and vibrant communities, which in turn can help attract local population and knowledge-based job growth providing that other necessary infrastructure requirements are met. In planning for Employment Areas, this is particularly relevant for light industrial and office environments which integrate ancillary retail uses and other employment supportive amenities.

Driven by an increasing emphasis on innovation and technology, evolving and emerging export-based sectors have siting, space and built-form requirements that are significantly different from traditional industrial sectors that have occupied employment lands in Middlesex Centre and Middlesex County in the past. This may include



requirements related to broad infrastructure, transit access, energy efficiency, building and urban design standards, eco-industrial design principles and proximity to skilled labour. Site configuration and integration of uses is also evolving particularly in Industrial Parks which often integrate operations combining office, research and development, warehousing and logistics, and on-site manufacturing in a “campus-style” setting.

The G.M.S. Technical Report provides an extensive discussion regarding the structure changes and disruption occurring in the macro-economy and the importance of recognizing these factors when planning for Employment Areas. Through the background discussion papers and reports prepared as part of the Municipality’s O.P.R, it is also noted that the COVID-19 pandemic has accelerated these disruptive forces, many of which were already in place, over the past two years.

As a result of COVID-19, many enterprises have been increasingly required to rethink the way they conduct business with an increased emphasis on remote (or distributed) work patterns enabled by technology. As the percentage of work at home and off-site employment continues to steadily rise, this may reduce the relative need for future non-residential space needs related to the office, retail and institutional sector. In contrast, industrial space needs, particularly related the logistics sector, have steadily increased across southern Ontario over the past several years driven by the shift of retail space from traditional “bricks and mortar” to e-commerce and associated fulfillment centres.

Across Canada, increased outsourcing of manufacturing production to emerging global markets continues to drive the need for new consolidated, land-extensive warehousing facilities to store and manage the distribution of goods produced locally as well as goods imported from abroad. This continues to drive demand for increasingly larger, more land-extensive warehousing facilities, generally in greenfield Employment Areas. The Goods Movement industry (i.e. transportation and warehousing, wholesale trade) is continuously evolving at a rapid pace responding to growing consumer demand as well as increased expectations with respect to speed of delivery. E-commerce and technological improvements represent the biggest drivers of change in the Goods Movement industry, driven by the rapid growth of mobile technology. In Ontario, these trends are anticipated to fuel further growth for distribution/logistics centres particularly in locations which are located along, or in proximity to major trade corridors such as Hwy. 401 as well as other 400-series highways. These trends are already being observed in the broader regional market area, with the sale of the former Ford



manufacturing plant in Southwold now being redeveloped for a large-scale e-commerce logistics operation.

Recognizing these recent structural changes in the regional economy, there is a need for Middlesex Centre to ensure that the amount, type, and location of its established and planned Employment Areas are well aligned with anticipated market demand. This requires that near-term (i.e., shovel-ready lands) and longer-term Employment Area land needs are adequately addressed.

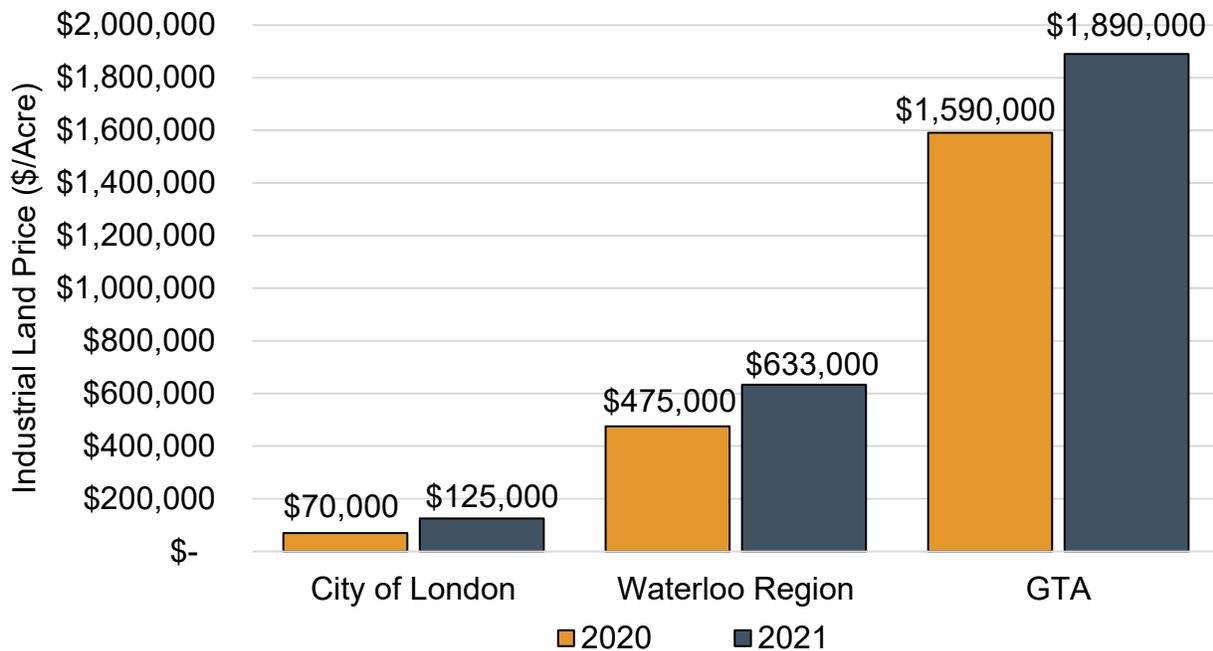
In assessing the local industrial market within Middlesex Centre, it is also important to consider broader trends occurring within the industrial real estate market in the Greater Toronto Hamilton Area (G.T.H.A.). The industrial market within the G.T.H.A. is currently faced with rising industrial land costs, a shrinking supply of available land for development and persistently low industrial vacancy rates. This lack of available and affordable industrial land continues to place outward pressure beyond the G.T.H.A., as businesses look for opportunities in markets such as the City of Woodstock, the City of London and the Municipality of Middlesex Centre to accommodate strategically located land extensive industrial facilities.

As displayed in Figure 2-1, the average price for serviced industrial land within the City of London is considerably lower when compared to the Region of Waterloo and the Greater Toronto Area (G.T.A.) as of 2021.¹ A tightening of industrial land supply in the G.T.A. is anticipated to fuel relatively higher industrial land demand in locations such as Middlesex Centre over the next decade and beyond when compared to recent local trends experienced over the past five to 10 years.

¹ Real estate data for Middlesex Centre was not available, so the City of London was used as a comparator municipality.



Figure 2-1
Average Price of Serviced Industrial Land in Select Ontario Markets, 2020 and 2021

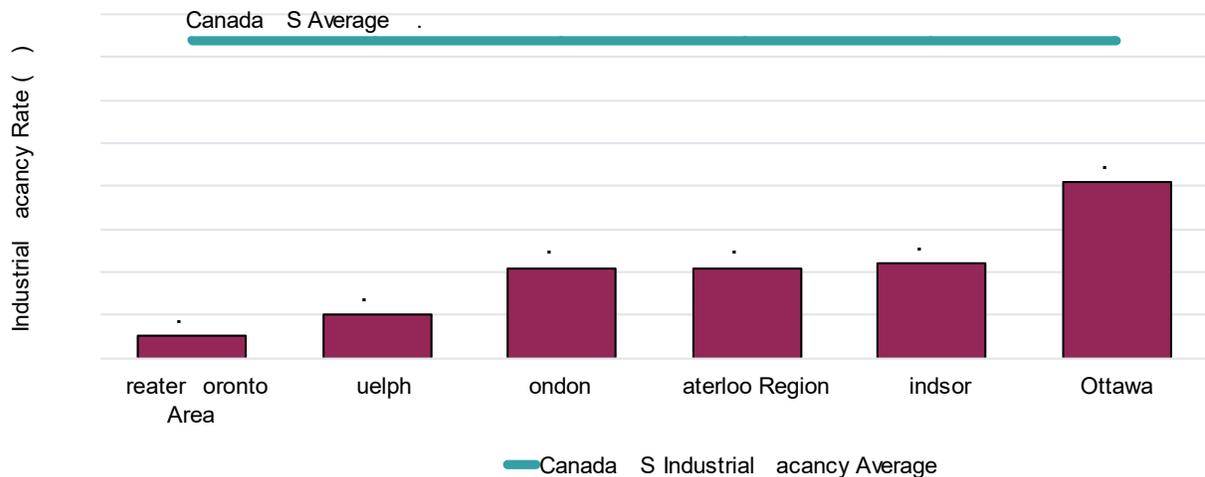


Source: CBRE, 2021 and <https://london.ca/city-owned-industrial-land-sale>.

Figure 2-2 displays industrial vacancy rates across selected Ontario markets. As shown, the City of London had a 2020 vacancy rate of 2.1%, which is comparable to the Region of Waterloo. Compared to the Canada/United States average of 7.4%, the City of London has a significantly lower vacancy rate, which is indicative of a relatively strong industrial market for this area.



Figure 2-2
Industrial Vacancy Rates in Select Ontario Markets, 2020



Source: Derived from data from Colliers and C.R.

2.3 Employment Area Marketability and Investment Opportunities

The creation of a new Employment Area within Middlesex Centre provides an opportunity to develop and market the municipality to a wider range of prospective domestic and foreign businesses. It is recommended that this new Employment Area is planned as a prestige business park which supports a wide range of industrial, commercial and employment supportive business functions. Having a marketable vision for the Employment Area will allow Middlesex County and the Municipality of Middlesex Centre to attract and accommodate new and existing growing businesses, which contribute to regional economic development and growth in the local tax base. As established in the terms of reference for this study, a component of this review is to examine how the Municipality can develop a new Employment Area which leverages F.D.I.

Within Middlesex County there are several plans which direct economic development initiatives. The County released a Foreign Direct Investment Strategy Report in July of 2011, the County of Middlesex Economic Development Strategic Plan in January of 2014, and an updated Middlesex County Economic Development Strategy 2021-2025 in December on 2020. Together, these documents provide guidance on economic development for the County and its area municipalities.



2.4 Foreign Direct Investment and COVID-19

Global economic uncertainty surrounding the COVID-19 pandemic has ongoing effects on the level of F.D.I. into Canada. According to Statistics Canada, F.D.I. inflow for Q2 of 2020 was \$10.8B CAD, compared to \$20.3B in Q2 of 2019, representing a decrease of nearly 47%.¹ This trend is not unique to Canada, as F.D.I. flows globally have reduced due to economic uncertainty caused by the pandemic. The national reduction of F.D.I. caused by an economic recession is not uncommon in Canada, as similar patterns occurred in the 1990-1992 recession, the 2002-2004 downturn related to SARS and the 2008/2009 global financial crisis. Through these previous periods of economic uncertainty, Canada had fared better than the average performance of the Organization for Economic Co-operation and Developed (O.E.C.D.) Countries. Accordingly, F.D.I. into Canada declined steadily at the onset of the 2008/2009 global financial crisis, hitting a low in 2011. By 2013, F.D.I. into Canada had exceeded the initial economic contraction.² As the negative economic effects of the COVID-19 pandemic continue to gradually recede, F.D.I. will be an important component of Canada's recovery. From a local perspective, as the anticipated F.D.I. recovery in Canada occurs, it is critical that municipalities are able to offer a range of market choice for serviced employment lands, which provide an opportunity to accommodate global capital growth and business development.

2.5 Foreign Direct Investment in the Municipality of Middlesex Centre

According to the December 2020 Economic Development Strategy, F.D.I. will remain a key focus in Middlesex County to leverage the U.S.-Canadian border advantage as well as the attraction of overseas businesses from Europe and Asia. According to the report, the County should aim to build on the existing strengths in the manufacturing and agriculture sectors, to promote F.D.I. in food and beverage, logistics and supply chain opportunities. In 2020, a Target Industry Snapshot was completed, which

¹ Canada's FDI Numbers for Q and the economic effects of COVID-19. Invest in Canada.

² Ibid.



provided sector-specific recommendations for the County's F.D.I. program.¹ These targets are as follows:

- Technology-based Manufacturing / Food Products and Supply Chain;
- Creative Industries;
- Agricultural Technology; and
- Technology-based Manufacturing / Automotive Supply Chain.

In order to leverage the strategic advantages of Middlesex County regarding the above target sectors, a vital business attraction resource is the availability of suitable vacant employment land. According to the Middlesex County Economic Development Strategy, the Strathroy-Caradoc Molnar Industrial Park is the best positioned Employment Area in the County to attract domestic and foreign investment due to the significant quantity of serviced land that this area provides as well as its strategic location to the Highway 402 corridor. While Middlesex Centre is located along Highway 401 and 402, the lack of serviced employment lands currently available along this corridor to leverage these strategic locational advantage limits the prospective industries that choose to locate in the municipality.

A new serviced Employment Area within Middlesex Centre along Highway 402 would effectively become a key marketable Employment Area in the County from both a domestic and F.D.I. context. As discussed later in Chapter 4, the new Employment Area in the Municipality will offer a significant amount of serviced employment land for development, which not only offers proximity to Highway 402, but also direct frontage along the Highway 402 corridor which can heighten the exposure prospective businesses have to their client base. The attractiveness of the Employment Area would be further bolstered by the proximity to the City of London, with access to a growing skilled labour force as well as the opportunity to develop regional synergies with the City.

¹ Middlesex County Economic Development Strategy 2021-2025. December 2020.



Chapter 3

Target Sectors in the Preferred Middlesex Centre Employment Area



3. Target Sectors in the Preferred Middlesex Centre Employment Area

3.1 Introduction

Section 8.2.7. of the G.M.S. Technical Report identifies key sectors for the Municipality and their industry requirements. This chapter builds on that work by identifying the key target sectors for the new Employment Area in Middlesex Centre, based on the following criteria:

- Locational requirements (i.e. prestige industrial or general industrial designation);
- Range of parcel sizes needed;
- Transportation access (route from highway, proximity to customer base, etc.);
- Labour force needs (skilled, unskilled, or mobile labour force);
- Land-use requirements (potential for expansion, buffers from surrounding land uses, integration with surrounding operations, etc.); and
- Development characteristics (building coverages, parking requirements, ceiling heights etc.)

3.2 General Characteristics of Industrial/Business Parks

Industrial/business parks require good access to regional transportation networks, on-site infrastructure including roadways and utilities, a critical mass, and available, zoned, shovel-ready lands. Industrial/business parks are typically located on flat to slightly rolling topography in areas with minimal environmental issues. Roadways within industrial/business parks tend to be laid out in a grid system to optimize circulation and parcel configuration. Parcels are typically square or rectangular in shape to optimize site design. Many of these attributes help to optimize the end-users' speed to market, while minimizing development costs and project risk.

At both the regional and local levels, location requirements of industry can vary considerably depending on the nature of the employment sector/use. Employment sectors typically situated in industrial areas have varying site-specific requirements. To be successful in attracting a broad range of employment sectors, it is recommended that the Municipality's Employment Areas provide the corresponding industry requirements. The specific attributes that are required for an industrial/business park to



be successful are largely based on the intended function and designations. These are discussed in more detail below within the context of general industrial parks, business parks and research and development parks.

General Industrial Areas

Industrial Areas have a more general industrial orientation and accommodate largely industrial uses such as advanced manufacturing, logistics, distribution, and transportation sectors. These areas typically offer the following physical requirements:

- **Access** – Proximity to controlled access highways (i.e. Highway 402) is critical for the success of general industrial parks that have a significant degree of manufacturing, warehousing, distribution, and logistics uses. These parks do not necessarily have to be adjacent to a controlled access highway but must be in proximity and easily accessible via major arterials that pass through limited residential or mixed-use commercial area(s);
- **Critical Mass** – Size is vital to ensure a wide selection/flexibility of land options, and parks must include a sufficient supply of large parcels. As a minimum, 80 ha (200 acres) is generally a suitable size for a park, in order to reach the critical mass needed to provide reasonable presence, choice and economies of scale;
- **Location** – The location must provide efficient and effective vehicular access and circulation, particularly for heavy truck traffic, with a minimum of two access points to enter/exit the industrial park;
- **Land-Use Compatibility** – Buffering is important for general industrial parks in order to minimize noise and air pollution to neighbouring residential and other sensitive land uses;
- **Market Choice** – Parcel size and configuration need to be conducive for a wide range of industrial land uses, especially for land-extensive uses such as wholesale trade and transportation; and
- **Competitive Development/Operating Costs** – Land prices must be competitive, given the land-extensive nature associated with many uses in general industrial parks.

Business Parks

A strong employment growth outlook in knowledge-based sectors continues to generate an increasing need to accommodate light industrial and office uses on both employment



lands and within commercial, mixed-use areas. In terms of built form, knowledge-based sectors are typically accommodated in multi-tenant and standalone industrial and office buildings. To address the broad needs of the knowledge-based sector, a range of lands by type, size, and location should be considered. In industrial/business parks, prestige office uses are often positioned at gateway locations (i.e. at major highway interchanges) with direct highway access/exposure as well as strong connectivity to arterial roads. Employment Areas which are designated as business parks typically have a more prestige character than general industrial parks.¹ The following are characteristics typically associated with prestige employment uses, such as:

- **Access** – Access and exposure/visibility to controlled access highways or major arterial roadways are more critical for business parks, particularly for corporate offices;
- **Critical Mass** – Size is less important to prestige business parks relative to general industrial areas; however, the business park must be generally large enough to foster a sense of place within a well-defined precinct and to allow for on-site amenities;
- **Land-Use Compatibility** – Buffering is often required for prestige business parks located in proximity to general Employment Areas or residential uses. Open space/parkland and recreational trails are also often provided for pedestrian movement and leisure; and
- **Character** – Business parks typically present a more prestigious image, created through higher quality building design, stricter urban design standards (i.e. curb and gutter, streetlighting, buried utilities, stormwater management, etc.) and landscaping requirements to create a campus style setting. Typically, such areas would also impose stricter land-use permission regarding heavy industrial uses and outdoor storage.

Research and Development Parks

Research parks represent communities of innovation that link industry with government and academia. These parks are typically developed in partnership with key stakeholders

¹ Prestige or light industrial lands typically accommodate a larger share of office employment and a relatively higher share of employment-supportive employment uses when compared to general industrial areas. For these reasons, prestige or light industrial areas often have higher average density levels compared to general industrial areas.



such as municipal, provincial, and federal governments, affiliated universities, and economic development agencies. Typically, research and development parks are developed with the objective to attract, accommodate, and facilitate business ventures and investment as well as to create synergies related to the commercialization of research activities. Research and development parks also tend to provide resources (i.e. incubators) to support existing and new business ventures. The sizes of research parks in Canada range from a single parcel with one building adjacent to a university to larger standalone campuses. In terms of uses, research parks are comprised primarily of office, institutional, research and development facilities and a limited retail base. Key features of a research park include:

- Large anchor;
- Cluster of firms and organization in the knowledge-based sector;
- Prestige “campus-like” setting for office and light industrial uses;
- Access and exposure to highways and arterial roads, and transportation connectivity;
- Access to skilled and unskilled labour;
- Proximity to markets and related industry clusters;
- Access to on-site amenities and proximity to off-site amenities;
- Availability of office space for lease or purchase;
- Partnership and support with government, organizations, and firms;
- Land area ranging from a single parcel with one building to a large campus with a developable land area of 30 to 50 ha;
- High quality design environment to stimulate creativity and innovation; and
- Availability of supporting infrastructure and resources (i.e. training/research and incubator facilities, synergies with post-secondary institutions).

3.3 Vision for the New Middlesex Centre Employment Area

As discussed above, the new Middlesex Centre Employment Area should be planned as a cohesive business park, with prestige attributes to attract more knowledge-based sectors. Utilizing the strategic advantages of the Highway 402 corridor will allow the Municipality to attract a wider-range of potential employment uses and create a diverse business park environment. With this vision in mind, the key target sectors for the new Middlesex Centre Employment Area are explored in detail in Figure 3-1 and are summarized below:



- Manufacturing/Advanced Manufacturing;
- Distribution and Logistics;
- Professional, Scientific, and Technical Services/Business Services;
- Research and Development;
- Agri-business; and
- Food and Accommodation Services / and other Employment Supportive Uses.



Figure 3-1
Target Employment Sectors Profile for the Future Middlesex Centre Employment Area

| Employment Sector/Land Use | Location | Parcel Sizes | Transportation | Labour Force | Surrounding Context | Development Characteristics |
|---|-----------------------------|--|---|---|--|---|
| Manufacturing / Advanced Manufacturing | General or prestige setting | 1 to 4 ha and greater | <ul style="list-style-type: none"> • Access to 400 series/controlled access highways. • Proximity to markets and related industries. | <ul style="list-style-type: none"> • Access to skilled and unskilled labour. | <ul style="list-style-type: none"> • Expansion potential. Buffers from surrounding non-industrial uses. Emphasis on integrated operations (logistics and office), landscaping and enclosed storage. | <ul style="list-style-type: none"> • Low to high design quality. • 10,000 to 250,000 sq.ft. High building coverage and on-site. employment density. • Range of building types, including small, large single-tenant and multi-tenant buildings. • Loading/unloading areas. |
| Distribution and Logistics | General or prestige setting | 5 to 20 ha Flexibility in parcel configuration to accommodate large-scale users | <ul style="list-style-type: none"> • Access to 400 series/controlled access Hwy. • Excellent access/traffic circulation for heavy truck traffic; Truck access, loading/unloading requirements. • Proximity to markets, customer base and related industries. | <ul style="list-style-type: none"> • Mobile labour force. | <ul style="list-style-type: none"> • Need for open storage or enclosed vertical storage. • Compatible surrounding land uses/ buffers from surrounding non-industrial uses. • Access to on-site and proximity to off-site services Expansion potential. | <ul style="list-style-type: none"> • Low to moderate design quality. • 10,000-1,000,000 sq. ft. • Ceiling height - 30 ft.+ • Large parcels with flat topography. • Low to high building coverage and low on-site employment density. • Loading/unloading areas. |



| Employment Sector/Land Use | Location | Parcel Sizes | Transportation | Labour Force | Surrounding Context | Development Characteristics |
|---|---------------------------------------|--|---|---|--|--|
| Professional, Scientific, and Technical Services/Business Services | Prestige Industrial or Business Parks | Type of buildings: flexible leasing structures and market choice (multi-tenant vs. free standing office, Class A vs. B office space) | <ul style="list-style-type: none"> • Proximity to transit or within walkable environments. | <ul style="list-style-type: none"> • Access to skilled labour force. | <ul style="list-style-type: none"> • Access to on-site amenities and proximity to off-site services. • Prestige setting. | <ul style="list-style-type: none"> • Low to high design quality. • 2,000 to 10,000 sq.ft. • <1 to 2 ha lots. • Storefront entrance for general public. • High building coverage and on-site employment density. • Small multi-tenant and flex office space. • Street lighting. |
| Research and Development/"Knowledge-based" Sectors | Prestige Industrial or Business Parks | 1 to 2 ha For stand-alone building or facility | <ul style="list-style-type: none"> • Proximity to transit or within walkable environments. | <ul style="list-style-type: none"> • Access to skilled labour force. | <ul style="list-style-type: none"> • Proximity to related industry cluster (companies and public institutions). • Prestige "campus-like" setting. • Access to on-site amenities and proximity to off-site services. | <ul style="list-style-type: none"> • Low to high design quality. • 2,000 to 10,000 sq.ft. • 1-2 ha lots. • High building coverage and on-site employment density. • Space for manufacturing / research as well as multi-tenant or flex office space. |



| Employment Sector/Land Use | Location | Parcel Sizes | Transportation | Labour Force | Surrounding Context | Development Characteristics |
|---|---|-----------------------|--|---|--|---|
| Agri- Business | General or Light Industrial Setting | 1 to 4 ha and greater | <ul style="list-style-type: none"> • Access to highways and multi modal facilities. • Access to warehousing, markets and distribution centres. | <ul style="list-style-type: none"> • Access to both skilled and semi-skilled labour force. | <ul style="list-style-type: none"> • Access to upstream & downstream industries. • Storage space for material and equipment. • Loading / unloading requirements. | <ul style="list-style-type: none"> • Low to high design quality. • High building coverage and on-site employment density. • Range of building types, including small, large single-tenant and multi-tenant buildings. • Loading/unloading areas. |
| Food and Accommodation Services / and other Employment Supportive Uses | Prestige Industrial or General Industrial | 1 to 5 ha lots | <ul style="list-style-type: none"> • High traffic exposure from major road and surrounding employment and commercial uses. | <ul style="list-style-type: none"> • Access to skilled and semi-skilled labour force. | <ul style="list-style-type: none"> • Prestige and general industrial setting. • Surrounding a large employment base. • Clustering of retail uses in a retail court or at high traffic areas (e.g. major intersections, gateway entrances to Employment Area). | <ul style="list-style-type: none"> • High design quality. • 2,000 (fast food restaurant) to 50,000 sq.ft. (hotel/convention centre). • Commercial floor space per acre ratio of 200 to 400 sq.ft. of retail/service space per acre of developed Employment Area. • High building coverage and on-site employment density. • Street lighting. |



Chapter 4

Middlesex Centre Highway 401 Corridor Employment Area Location Options



4. Middlesex Centre Highway 401 Corridor Employment Area Location Options

4.1 Employment Area Characteristics

4.1.1 Industry Cluster Requirements

In accordance with the specific requirements for each of the industry clusters identified in Chapter 3, location options for a future Employment Area in the Municipality are evaluated below which are best positioned to accommodate employment growth over the long term. These considerations are summarized as follows:

- Existing and future land uses surrounding the proposed Employment Area;
- Market choice of developable land in terms of site size, configuration, environmental constraints, access, zoning, servicing, and future expansion potential;
- Opportunities for large contiguous areas for development (large areas of land provide for larger economies of scale and greater efficiencies, in addition to providing multiple siting options for individual users);
- The location of the lands in relation to key highways and transit corridors; and
- The effects of residential encroachment on the prospective employment lands.

4.2 Profile of Proposed Middlesex Centre Employment Areas

The following provides an overview of three potential new Employment Areas within Middlesex Centre. All three Employment Areas are intended to be serviced and utilize the strategic advantage of the Highway 402 corridor. Through the Middlesex Centre G.M.S., a Settlement Area Boundary Expansion to accommodate the need for a new Employment Area of approximately 135 developable hectares (ha) has been identified for the Municipality.^[1]

^[1] Municipality of Middlesex Centre – Official Plan Review, Growth Management Strategy Technical Report – Final. February 4, 2022.

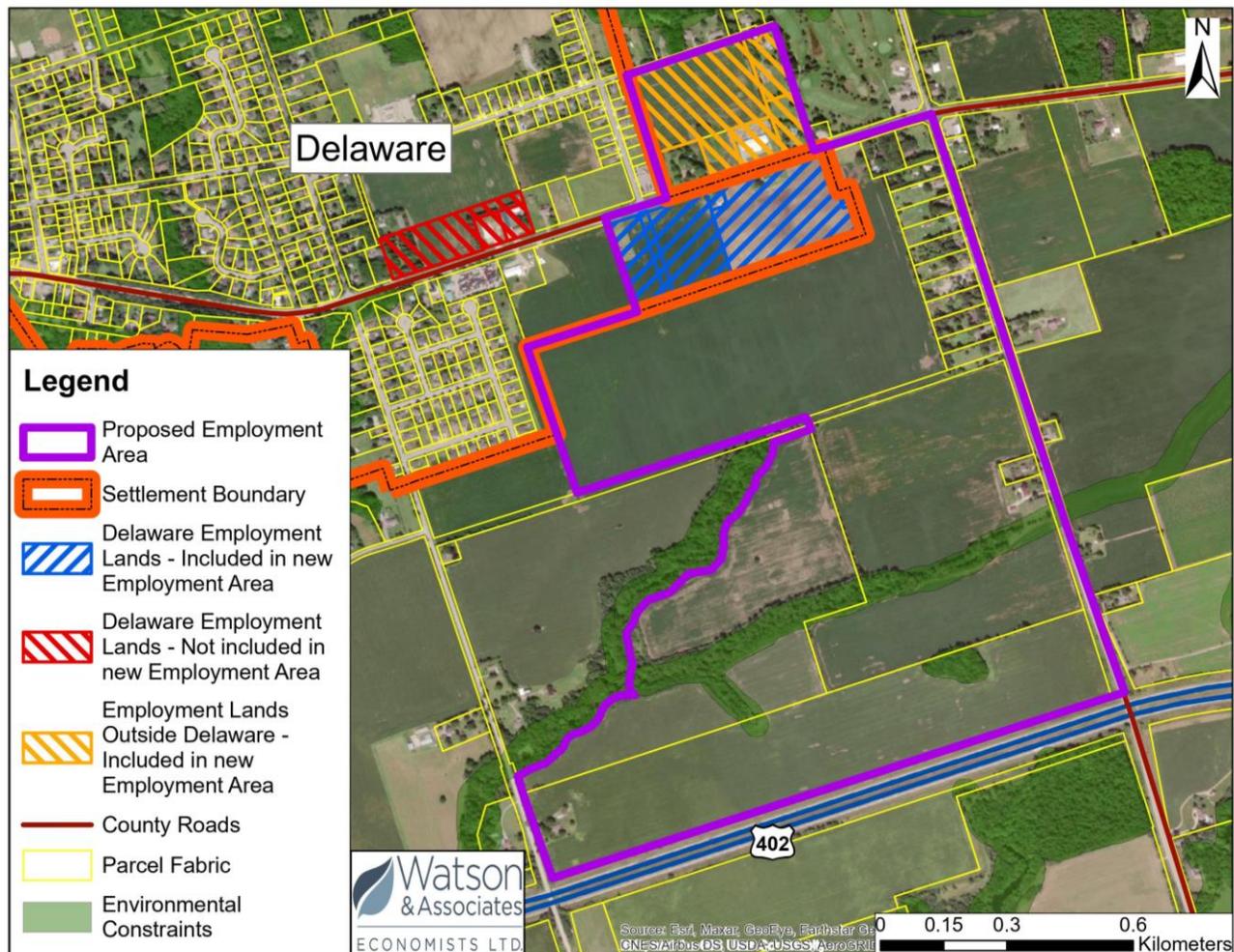


4.2.1 Proposed Employment Area 1 – Southeast of Delaware

As shown in Figure 4-1, proposed Employment Area 1 would connect with the existing Delaware settlement area boundary, to include existing vacant employment lands within Delaware as well as rural employment lands which fall just outside of the Delaware boundary. The total land area of this proposed Employment Area is 162 hectares, with a developable land area of 147 hectares. Of this total land area, approximately 12 developable hectares were identified in the Middlesex Centre O.P.R and were included in the land needs calculation. Accordingly, this proposed Employment Area adds an additional 135 developable hectares to the Municipality's employment land supply. Additional information regarding this Employment Area is provided in the S.W.O.C. analysis to determine the preferred location for a new Employment Area in Middlesex Centre in provided herein under section 4.3.1.



Figure 4-1: Map of Proposed Employment Area 1 – Southeast of Delaware



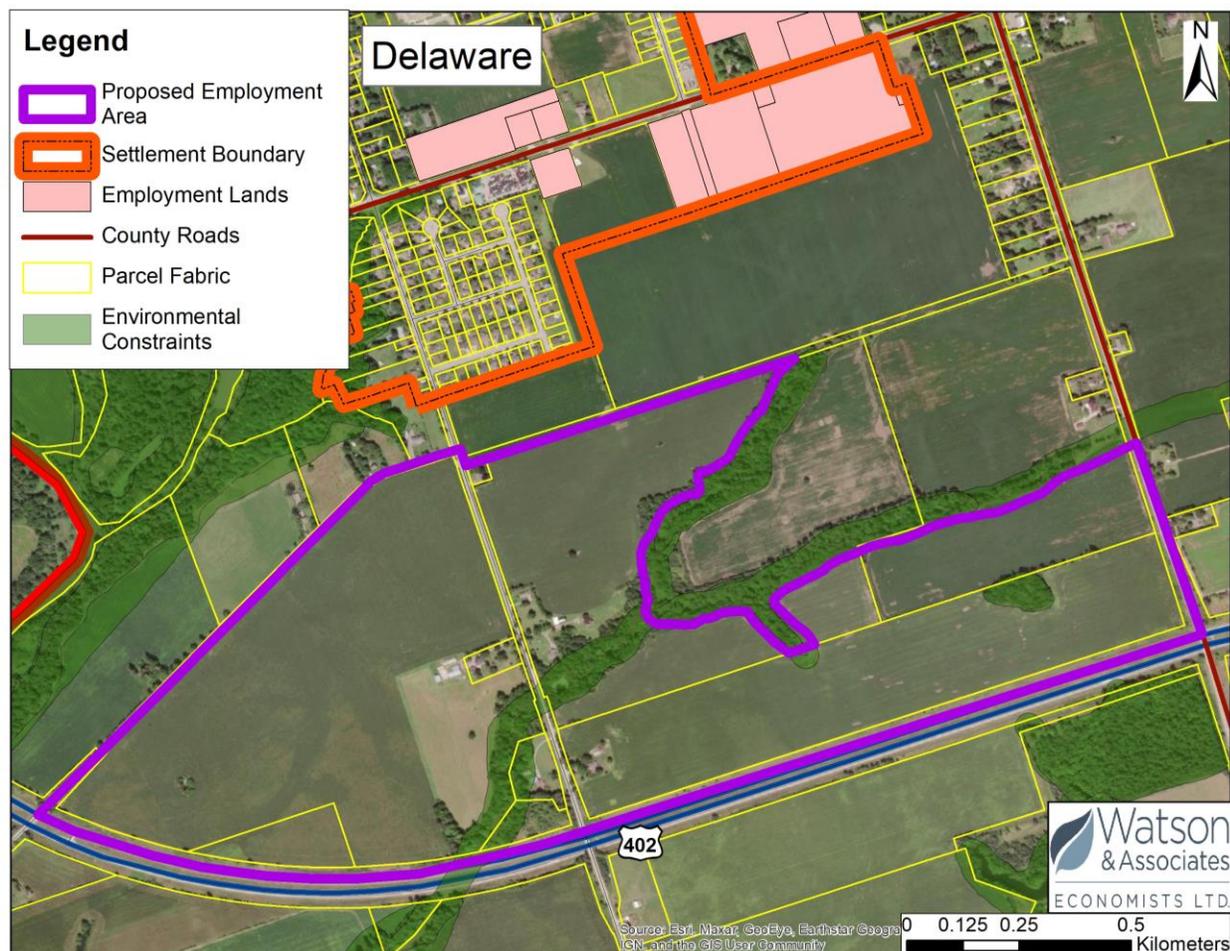
4.2.2 Proposed Employment Area 2 – Southwest of Delaware

Proposed Employment Area 2 would not connect with the current Delaware settlement area boundary. A residential expansion to the Delaware settlement area would provide a cohesive connection with the proposed Employment Area delineation. Unlike Employment Area 1, this proposed Employment Area would not capture the designated employment lands inside the Delaware settlement area. As a result, this would detract from the potential cohesion of the two Employment Areas, and potentially create land use compatibility challenges for the remaining rural lands located between the existing Delaware urban boundary and the proposed Employment Area. The total land area of this proposed Employment Area is 144 hectares, with a developable land area of 137 hectares, considerably increasing the Municipal employment land supply. This location



offers considerable frontage along Highway 402, leveraging the Municipality's strategic advantage along the highway corridor.

Figure 4-2: Map of Proposed Employment Area 2 – Southwest of Delaware



4.2.3 Proposed Employment Area 3 – Middlesex Centre and London Boundary

Unlike the previous two configurations, proposed Employment Area 3 would be located away from an existing Middlesex Centre settlement area. This area is located on the eastern border of Middlesex Centre, with close proximity to the City of London. The total land area is 186 hectares, with a developable land area of 138 hectares. While this area offers considerable frontage along Highway 402, there are a high degree of environmental constraints that could lead to parcel fragmentation and configuration issues. Additional information regarding this area is provided the S.W.O.C. analysis



provided herein in Section 4.3.1, to determine the preferred location for a new Employment Area in Middlesex Centre.

Figure 4-3: Map of Proposed Employment Area 3 – Middlesex Centre and London Boundary



4.3 Location Options for a New Employment Area

The economic development prospects of Middlesex Centre are in many ways tied to the success of the broader regional market. The Municipality shares the relative strengths of the broader Highway 402 corridor market in terms of investment attraction, and competitive property taxes and development costs. The Municipality’s location along a major transportation corridor – Highways 402 and 401 – allows for the efficient movement of goods and people as well as proximity to surrounding growing employment markets along this corridor. This, along with its proximity to the United



States (U.S.) border provides an important competitive advantage for industrial development. The degree to which Middlesex Centre can capitalize on its regional location advantages will depend largely on the competitiveness of its employment lands.

Market competitiveness is typically driven by a broad range of factors that can strongly influence business location decisions, both for new development and expansion. These factors include access to transportation infrastructure, access to labour and employment markets, developable land supply and market choice of land development opportunities for sale or lease, cost structure of the business environment, design standards, and quality of life aspects within the community. All of these factors are important when evaluating a preferred location for a new Employment Area.

As previously noted, recent structural changes to the economy have been particularly challenging for many of Ontario's small to mid-sized municipalities. While there will continue to be a manufacturing focus in southwestern Ontario, the nature of industrial processes is rapidly shifting, becoming more capital/ technology intensive and automated, with lower labour requirements. The highly competitive nature of the manufacturing sector will require production to be increasingly cost effective and value-added oriented, which bodes well for firms that are specialized and innovative.

To remain competitive and attractive to an increasingly skilled labour force, industrial businesses must be accommodated in locations which are equipped with municipal and other local infrastructure which support goods movement and business connectivity (e.g. broadband infrastructure, transportation networks and utilities). Employment Areas should also provide local amenities such as restaurants, personal services and indoor/outdoor recreation opportunities in gateway locations which can cluster together. The planning and development of these services/amenities in conjunction with the primary employment land uses can help improve the quality of life for employees by offering them access to services/amenities before or after work, or over lunch. In concert with this approach is the design of Employment Areas to be more pedestrian-friendly such that employees can easily access services/amenities which helps to reduce the number and duration of trips via private automobile.

The following attributes were reviewed for each Employment Area to determine the most suitable location to accommodate short- and long-term employment growth within the Municipality:



- Land assembly characteristics (e.g. clustered, fragmented, etc.);
- Transportation and infrastructure (e.g. access to major highways and to goods movement infrastructure such as railway, airport, etc.);
- Highway 402 exposure;
- Presence of a supportive business environment and amenities;
- Land supply (total and developable area of Employment Areas, in addition to potential configuration constraints Employment Areas);
- Ability of the local road infrastructure to accommodate the increased traffic caused by the prospective Employment Area; and
- High-level costing analysis to determine the price of servicing the prospective Employment Area.

4.3.1 Strengths, Weaknesses, Opportunities, and Constraints Review of Prospective Employment Areas in the Municipality of Middlesex Centre

Figure 4-4 summarizes the review that was undertaken in comparing the three candidate Employment Areas previously discussed in Section 4.2. As established through this S.W.O.C., Employment Area 1 represents the preferred location for a new Employment Area in Middlesex Centre. It offers strong cohesion with the existing designated Delaware Employment Area, has a sufficient amount of land area which is relatively unencumbered by environmental constraints, can potentially be serviced in conjunction with the Delaware Community Settlement Area, has a high degree of highway exposure and provides good access to Highway 402. Furthermore, the existing road network can accommodate the increased traffic associated with the development of this area, which is of critical importance with respect to local traffic impacts.



Figure 4-4
Review of Physical Attributes of Candidate Employment Areas

| Employment Area | Land Assembly Characteristics (e.g. clustered, fragmented, etc.) | Transportation and Infrastructure (e.g. access to highway 400-series and to goods movement infrastructure (e.g. railway, airport, etc.)) | Proximity to Business-Supportive Amenities |
|--|--|---|--|
| <p>Proposed Location of Employment Area 1</p> | <ul style="list-style-type: none"> ✓Creates a cohesive connection with the existing employment lands within Delaware, as well as the existing employment lands which are located just outside the settlement area boundary. ✓Employment Area configuration generally form a contiguous extension of the Delaware settlement area boundary to the south. ✓The total land area of this proposed Employment Area is 162 hectares, with a developable land area of 147 hectares. Further refinements to the net developable land area may be required as a result of further review of development impacts on the local natural heritage system and potential requirements for additional buffering from natural areas. This proposed Employment Area adds an additional 135 developable hectares to the Municipality’s employment land supply. ☒ Environmental features throughout the Employment Area can create site-specific configuration constraints. ✓ Existing watercourse in the Employment Area would require some natural heritage setbacks and buffers but this also provides a stormwater outlet for the subject property. | <ul style="list-style-type: none"> ✓Well-connected to the highway and County road network. Fronts highway 402, with proximity to highway 401. ✓Longwoods Road (Highway 2) and Carriage Road (Highway 15) connect directly to prospective Employment Area and provide greater connectivity opportunities from the surrounding area. ✓Approximately 2km of developable land fronting Highway 402 and 1.5km front Highway 15, providing opportunities for business development with direct highway exposure. ✓The proposed Employment Area is approximately 2.5km away from the Highway 2 and Highway 402 interchange. •Currently no municipal water or wastewater. Water and wastewater would need to be expanded to the Employment Area. The area could be serviced in conjunction with future Delaware servicing or could be serviced alone by the construction of a pumping station and a force main to direct flows. Chapter 2 discusses this in greater detail. ✓County Road 15 runs north to south adjacent to the proposed Employment Area. Direct access to County Road 15 and Springer Road can accommodate the expected increases in traffic caused by the Employment Area. | <ul style="list-style-type: none"> ✓ Close proximity to the population base in Delaware as well as the currently operating retail businesses within the settlement area, provide close access to business supportive amenities. ✓ There are opportunities for the development of employment-supportive uses along the north of this proposed Employment Area which function as a land-use buffer between residential uses in Delaware. ✓ Location in proximity to the growing Community of Delaware provides potential synergies with respect to labour force attraction and access to urban amenities. |



| Employment Area | Land Assembly Characteristics (e.g. clustered, fragmented, etc.) | Transportation and Infrastructure (e.g. access to highway 400-series and to goods movement infrastructure (e.g. railway, airport, etc.)) | Proximity to Business-Supportive Amenities |
|--|--|---|---|
| <p>Proposed Location of Employment Area 2</p> | <p><input checked="" type="checkbox"/> Proposed Employment Area located in proximity to designated employment lands in Delaware but does not form a contiguous extension of the existing designated Employment Area or settlement area boundary in Delaware.</p> <p>✓ The proposed Employment Area is approximately 144 hectares, with 7 hectares of land covered in environmental constraints resulting in approximately 137 hectares of developable land. Further refinements to the net developable land area may be required as a result of further review of development impacts on the local natural heritage system and potential requirements for additional buffering from natural areas.</p> <p><input checked="" type="checkbox"/> Environmental features throughout the Employment Area can create site-specific configuration constraints.</p> <p>✓ Existing watercourse in the Employment Area would require some natural heritage setbacks and buffers but this also provides a stormwater outlet for the subject property.</p> | <p>✓ Adjacent to highway 402 and highway 15, with proximity to highway 401</p> <p>✓ Adjacent to Springer Road, providing direct access to the Delaware settlement area.</p> <p>✓ There is approximately 3km of land fronting highway 402.</p> <ul style="list-style-type: none"> • Currently no municipal water or wastewater. Water and wastewater would need to be expanded to the Employment Area. Servicing expansions to Delaware could be extended to this location. <p>✓ The proposed Employment Area is approximately 1km away from the Highway 2 and Highway 402 interchange.</p> <p><input checked="" type="checkbox"/> Springer Road has load restrictions imposed in spring which would limit the ability of the road to properly service the area. Transportation upgrades would likely be limited.</p> | <p>✓ Close proximity to the population base in Delaware as well as the currently operating retail businesses within the settlement area, provide close access to business supportive amenities.</p> <p>✓ There are opportunities for the development of employment-supportive uses along the north of this proposed Employment Area which function as a land-use buffer between Delaware and provide businesses locating in the Employment Area close access to Delaware's consumer base.</p> <p>✓ Location in proximity to the growing Community of Delaware provides potential synergies with respect to labour force attraction and access to urban amenities.</p> |



| Employment Area | Land Assembly Characteristics (e.g. clustered, fragmented, etc.) | Transportation and Infrastructure (e.g. access to highway 400-series and to goods movement infrastructure (e.g. railway, airport, etc.)) | Proximity to Business-Supportive Amenities |
|--|--|---|--|
| <p>Proposed Location of Employment Area 3</p> | <p>✓ The proposed Employment Area is approximately 186 hectares, with nearly 48 hectares of land covered in environmental constraints resulting in approximately 138 hectares of developable land. Further refinements to the net developable land area may be required as a result of further review of development impacts on the local natural heritage system and potential requirements for additional buffering from natural areas.</p> <p>☒ The Proposed Employment Area is not located within proximity to a Middlesex Centre Settlement Area.</p> <p>☒ With nearly 50 hectares of environmental features throughout the proposed Employment Area Boundary, significant fragmentation and potential site configuration issues would exist.</p> | <p>✓ Adjacent to highway 402, with closer access to highway 401 than proposed Employment Areas 1 and 2.</p> <p>✓ Approximately 2.5km of developable land front Highway 402, providing opportunities for business development with direct highway exposure.</p> <ul style="list-style-type: none"> • Currently no municipal water or wastewater. Water and wastewater would need to be expanded to the Employment Area. • The area could be serviced in conjunction with future Delaware servicing or by construction of own pumping station; however this would require 10km of servicing construction in addition to constructing a pumping station, making the development of this proposed Employment Area more costly than configurations 1 and 2. • Both Sharon Drive and Woodhull Drive have load restrictions in spring which would limit development of the employment lands and require additional cost to upgrade roads for commercial activity. | <p>☒ Located further away from a Middlesex Centre Settlement Area than prospective Employment Areas 1 and 2.</p> <p>✓ Located at the border of Middlesex Centre and the Municipality of London. Closer proximity to the Municipality of London would provide direct access urban amenities, suppliers and a large consumer base.</p> <p>✓ Bordering Municipality of London presents easier opportunities for drawing a highly technical/educated workforce, including student opportunities from the University of Western Ontario and Fanshawe College.</p> |

Checkmark (✓) indicates a strength, a bullet indicates a potential area of improvement, and an ☒ represents a negative attribute of developing the proposed Employment Area. Source: Watson & Associates Economists Ltd., 2021.



Chapter 5

Conclusions and Next Steps



5. Conclusions and Next Steps

5.1 Conclusions

As determined through this study, Employment Area 1 is recommended as the preferred location for a new Employment Area in Middlesex Centre. This recommended configuration would create a cohesive extension of the existing designated employment lands in the Delaware Community Settlement Area. In summary, the size, configuration, location and Highway 402 exposure offered by this location provide market choice for medium and large-scale operations across a range of industrial and office sectors, making this area a highly marketable location for business attraction within Middlesex County. The infrastructure servicing analysis completed in Appendix A also supports this area as viable location for a fully serviced Employment Area.

It is recommended that the broader vision for this area should include planning and design standards which support a Prestige Business Park concept, which would target industry sectors in Manufacturing/Advanced Manufacturing; Distribution and Logistics; Professional, Scientific, and Technical Services/Business Services; Research and Development; and Agri-Business amongst other emerging knowledge-based and employment supportive industries. Over the medium to long-term, the recommended Employment Area would provide a marketable opportunity within the County to capture both domestic investment as well as increased F.D.I. capital inflows.

The results of the servicing analysis indicate a total cost of \$46.5 million to develop this Employment Area as a fully serviced Employment Area. It is noted that a more detailed servicing analysis should be provided which would further consider local infrastructure requirements (i.e. stormwater). Potential synergies should also be explored regarding the extension of full municipal services to the recommended expansion area as well as residents within the Delaware Community Settlement Area.

5.2 Next Steps

Building on the results of the Municipality of Middlesex Centre G.M.S. Technical Report - Final, February 2022, the analysis provided herein offers broad direction with respect to the location, size, vision and municipal servicing implications regarding the creation of a new Employment Area within the Municipality of Middlesex Centre along the Highway



402 corridor. It is noted that the P.P.S., 2020, specifically identifies a number of specific requirements which must be met with respect to the expansion of a settlement area boundary. Section 1.1.3.8 states:

“A planning authority may identify a settlement area or allow the expansion of a settlement area boundary only at the time of a comprehensive review and only where it has been demonstrated that:

a) sufficient opportunities to accommodate growth and to satisfy market demand are not available through intensification, redevelopment and designated growth areas to accommodate the projected needs over the identified planning horizon;

b) the infrastructure and public service facilities which are planned or available are suitable for the development over the long term, are financially viable over their life cycle, and protect public health and safety and the natural environment;

c) in prime agricultural areas:

1. the lands do not comprise specialty crop areas;

2. alternative locations have been evaluated,

i. there are no reasonable alternatives which avoid prime agricultural areas; and

ii. there are no reasonable alternatives on lower priority agricultural lands in prime agricultural areas;

d) the new or expanding settlement area is in compliance with the minimum distance separation formulae; and e) impacts from new or expanding settlement areas on agricultural operations which are adjacent or close to the settlement area are mitigated to the extent feasible.”

As part of the Municipality of Middlesex Centre G.M.S. Technical Report, February 2022, the need for the proposed expansion area, as required under Section 1.1.3.8 (a), has been addressed. The results of this analysis also provide an initial review of infrastructure requirements associated with the proposed expansion area. Additional analysis is recommended to comprehensively assess the financial viability and long-term fiscal impacts of associated municipal infrastructure servicing (Section 1.1.3.8 (b)). Furthermore, as set out in Section 1.1.3.8 (c and d) prime agricultural areas impacts, minimum distance separation and impacts on adjacent agricultural operations will also need to be addressed prior to the approval of a local O.P. amendment (O.P.A.) to permit the expansion of the municipality's settlement area boundary. Subsequent to



O.P.A. approval, further planning studies associated with the new Employment Area related to land use, urban design, natural heritage and environment as well as municipal will also be required through the development of a Secondary Plan.