

TOWN OF CALEDON
PLANNING
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March, 17, 2021



Mayfield West Employment Lands

South Site (12035 Dixie Road)

Economic Benefits Study

Prepared for Tribal Partners Canada Inc.

March 12, 2021



March 12, 2021

Robin Comfort, Director of Development
Tribal Partners Canada Inc.
201-2700 Steeles Ave W
Vaughan ON L4K 3C8

Dear Mr. Comfort:

RE: Mayfield West Employment Lands Development – South Site Economic Benefits Study

urbanMetrics inc. is pleased to provide this study on behalf of your firm to conduct an economic benefits assessment of your plans to develop two sites in the developing Mayfield West Community of Caledon. The two sites are situated on Dixie Road north of Mayfield Road and immediately east of the Highway 410 interchange with Mayfield Road. Plans by Tribal Partners would be to develop the two sites with large scale industrial uses. The major tenants on both of the subject sites would be major logistics/distribution uses.

The purpose of this study is to assess the economic impacts that the development of these two sites will have on the Caledon economy and the contribution they would have on municipal revenues, including property taxes and development charges. Combined the two sites will complement each other and become a major employment hub for Caledon that will generate substantial revenues for the Town and Peel Region. As the purpose of this report is to support the Planning applications for the **South Site (12035 Dixie Road)** at the northeast quadrant of Mayfield and Dixie Road, the executive summary has highlighted the benefits generated by this particular property, although we would stress that that the general conclusions reached would be equally applicable to both sites.

It was a pleasure to conduct this study on behalf of Tribal Partners.

Yours truly,

urbanMetrics inc.

A handwritten signature in black ink that reads "Rowan Faludi". The signature is written in a cursive, flowing style.

Rowan Faludi, MCIP, RPP, CMC, PLE
Partner
rfaludi@urbanMetrics.ca

Executive Summary

Strategic Location

- The prospective distribution/logistics tenants for the two sites have targeted the location specifically for its ability to accommodate large building envelopes and the close proximity to the 400 series highway network.
- Both sites are situated on Dixie Road, which has been identified as a Primary Truck Route in the Region of Peel Goods Movement Strategic Plan. Mayfield Road has also been identified as a Primary Truck Road.
- Both sites are situated a short distance from Highway 410, which interchanges with Mayfield Road less than a kilometre east of Dixie Road. Highway 410 is the principal north-south expressway serving Peel Region and connects the sites with the entire 400 series Highway network.
- In addition, the two sites are situated along the preferred route of the future GTA West Multimodal Transportation Corridor – a major east-west highway that would connect Highway 400 and Highway 407.
- Both sites are situated in an emerging major employment corridor extending from the Mayfield West community to Highway 50 in Bolton. Adjacent lands in Bolton are already designated for employment uses and have attracted a number of distribution complexes including a massive UPS small package hub on Dixie Road between the two sites. Further East is a major employment node at the intersection of Airport and Mayfield Roads with some 1.7 million square feet of distribution/logistics space and other industrial firms. Further east are the industrial lands in South Bolton which have been identified as a Provincially Significant Employment Area.
- The South Site (12035 Dixie Road) is approximately 139 acres (53 hectares) in size. It is located immediately outside of the urban boundary identified in the Official Plan for the Mayfield Community. As such, the site would require an Official Plan Amendment to bring it into the urban area.
- The South Site is planned to accommodate four industrial buildings totaling approximately 2.2 million square feet of industrial space. The largest use would be a regional distribution/warehouse facility serving the GTA market in a building of approximately 1.3 million square feet. (123,000 sq. m).

Figure 1: Location of the Subject Sites



Market Context

- The Caledon 2020-2030 Economic Development Strategy completed in April 2020 identifies the importance of transportation and warehousing to the local economy, and specifically refers to these sectors as “key areas of strengths” in the Caledon economy.
- The presence of a strong transportation and warehousing sector provides opportunities for Caledon to capitalize on regional trends that signal a shift to smart logistics and energy-efficient transportation planning.
- The Caledon Economic Development Strategy notes that the “lack of sufficient inventory of serviced, investment-ready land is a concern”. In our opinion, the lack of industrial land inventory is more acute with respect to the transportation and warehousing sectors owing to their need for very large and strategically located parcels in the vicinity of major highway corridors.
- The proposed development of the two sites, **including the South Site**, with distribution, logistics and other industrial firms, aligns exactly with the type of businesses that have been identified in the Economic Development Strategy and would directly address the employment land shortage identified by the Town.

Economic Benefits

- The two sites combined would accommodate some 4,000 jobs, including approximately **2,250 jobs on the South Site**.
- The development of the two sites would increase the Town’s non-residential assessment base by some \$445 million, of which **almost \$200 million would be attributable to the South Site**.
- The two sites combined would generate approximately \$9 million in annual property taxes for the Town, Region and school boards, of which **some \$4 million in property taxes would be attributable to the South Site**.
- The two sites combined would generate some \$26 million in development charges for the Town of Caledon, of which some **\$12 million of development charges would be attributable to the South Site**.
- The two sites would generate some \$78 million in development charges for the Region of Peel of which **\$35 million in development charges would be attributable to the South Site**.

Conclusion

The two sites, including the South Site, would generate thousands of new jobs within the Town of Caledon. They are located within a strategic employment corridor that has already attracted many distribution, logistics and other industrial firms to the area. The Town has an identified shortage of serviced employment land to accommodate its business growth and approval of both sites would be directly aligned with the Town’s Economic Development Strategy.

Strategic Location of the Two Sites

The South Site (12035 Dixie Road)

As shown on Figure 2, the South Site is situated at the northeast quadrant of Mayfield Road and Dixie Road. The site is approximately 130 acres (53 hectares) in size and would accommodate a regional warehouse/fulfillment centre which would generate a large volume of truck and other delivery related traffic, as well as, other related employment land uses.

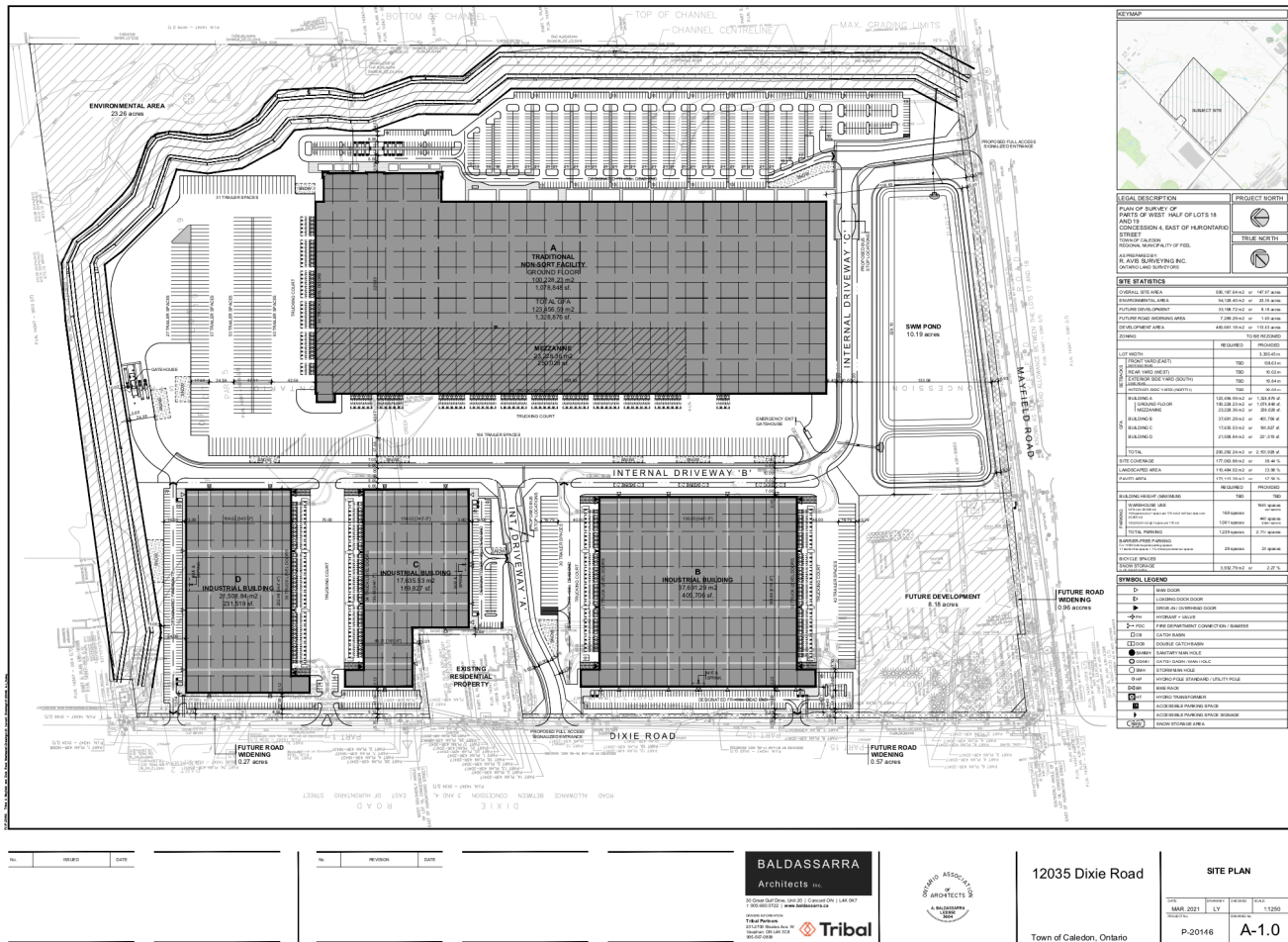
The site is located immediately outside of the urban boundary and is adjacent to the Mayfield West Community which is located on the west side of Dixie Road immediately across from the site. As such, the site would require an Official Plan Amendment to bring it into the urban area. On the west side of Dixie Road, lands are designated for prestige and general industrial uses as per the Mayfield West Secondary Plan. There is a large equipment distribution firm across the street from the subject site further north is a large-scale UPS Small Package Distribution Hub.

The South Site is planned to accommodate four industrial buildings:

- Building A – An industrial building of some 1,328,876 square feet (123,457 square metres)
- Building B – An industrial building of 405,706 square feet (37,691 square metres)
- Building C – An industrial building of 189,827 square feet (17,636 square metres)
- Building D – An industrial building of 231,519 square feet (21,509 square metres)

In total, the South Site is planned to accommodate some 2.2 million square feet of industrial space.

Figure 2: South Site Plan



The North Site (12892 Dixie Road)

As shown on Figure 3, the North Site is situated at the southwest quadrant of Old School Road and Dixie Road. The site is situated northwest of the South Site. Unlike the South site, North Site is situated within the urban boundary of the Mayfield West Community. It is, however, designated as Prime Agricultural Area and would require an Official Plan Amendment and Rezoning. It comprises some 195.42 acres (79.1 hectares). The North Site is planned to accommodate four industrial buildings:

- Building A – A 881,898 (81,930 square metre) industrial building.
- Building B – A 988,853 square foot (91,867 square metre) cold storage and distribution complex.
- Building C – A 520,152 square foot (48,323 square metre) industrial building.
- Building D – A 270,399 square foot (25,121 square metre) industrial building.

Figure 3: North Site Plan



The Two Sites Are Extremely Well Positioned to Attract Major Industrial Uses to Caledon and to Peel Region

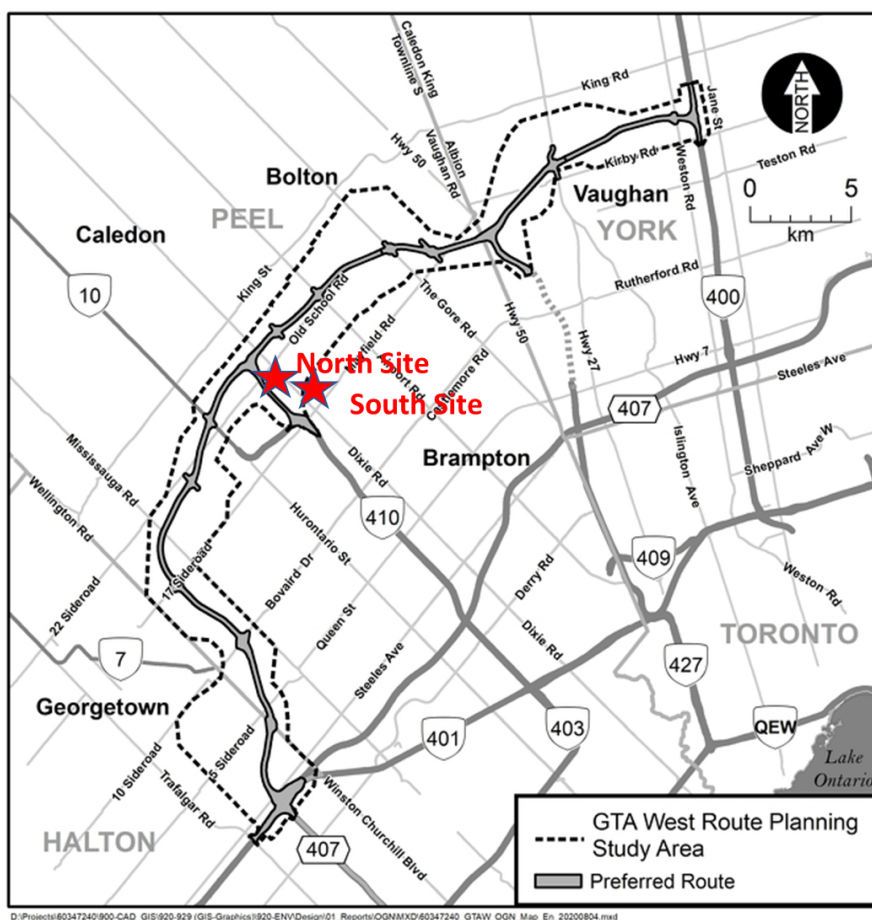
Both sites are situated in close proximity to multiple major transportation corridors

As per the 2017 Peel Region Goods Movement Strategic Plan:

The backbone of Peel's freight transportation system is the network of highways and arterials that traverse the region. These roads are used by various types of trucks to connect producers and consumers, and provide access to intermodal infrastructure throughout the Region. They carry a wide range of goods and commodities including mixed freight (e.g. grocery store items, hardware, office supplies), electronics, automobile parts, pharmaceuticals, and machinery. Everything that is consumed or produced in Peel must be transported on these roads, potentially involving several truck trips. Peel's trucking industry serves almost all of Canada and the United States.

Both sites are situated on Dixie Road, which has been identified as a Primary Truck Route in the Goods Movement Strategic Plan. Mayfield Road has also been identified as a Primary Truck Road. The South Site connects directly onto this important goods movement corridor, while the north site is situated less than two kilometres to the north. Both sites are situated a short distance from Highway 410, which interchanges with Mayfield Road less than a kilometre east of Dixie Road and the South Site. Highway 410 is the principal north-south expressway serving Peel Region and connects the sites with the entire 400 series Highway network.

In addition, as noted in Figure 4, the two sites are situated along the preferred route of the future GTA West Multimodal Transportation Corridor – a major east-west highway connecting Highway 400 and Hwy 407. The completion of this project would place both sites at the confluence of two of the most important transportation routes in the western GTA.

Figure 4: The Subject Sites in Relation to the Preferred GTA West Multimodal Corridor

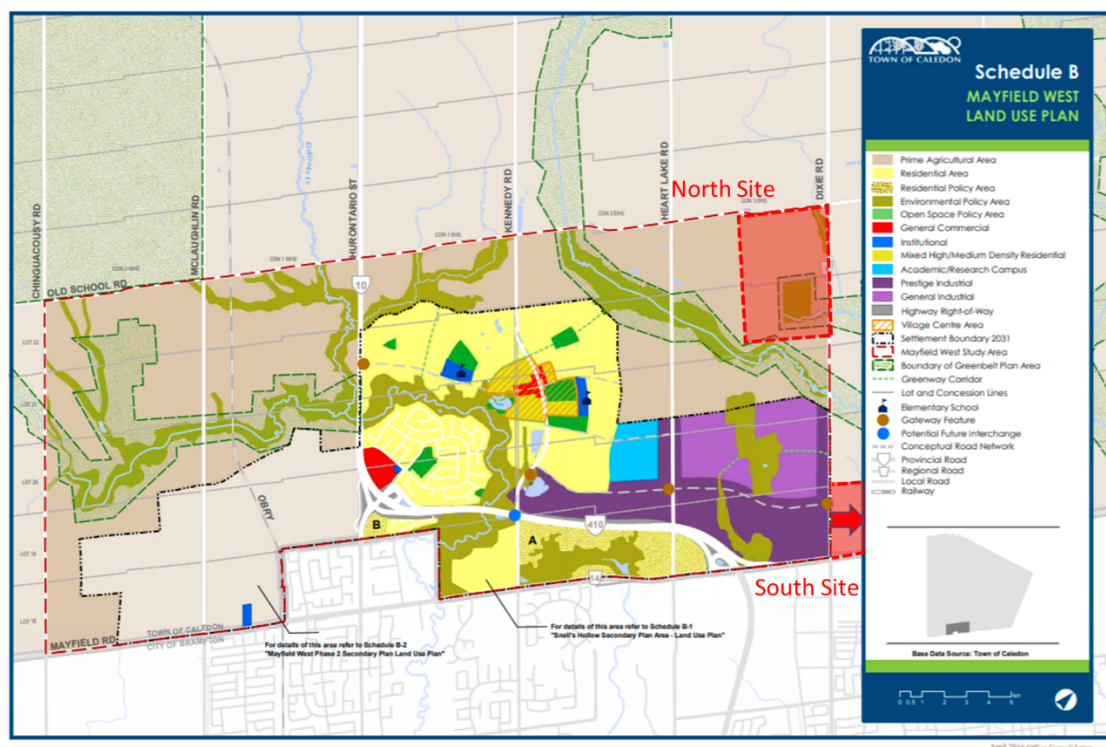
Both Sites are Situated in Close Proximity to Important Regional Employment Areas

As indicated on Figure 5, the lands on the north side of the Highway 410 between Dixie Road and Kennedy Road are designated as an industrial area within the Caledon Official Plan. This area is relatively new, but has already attracted a 500,000 square foot equipment distribution firm, which is situated directly across Dixie Road from the South Site. On the west side of Dixie Road between the North and South sites, UPS has recently opened an 850,000 square foot Small Package Operations Hub.

Lands along Mayfield Road in the vicinity of the subject sites have already begun to develop into a major logistics and employment corridor. Approximately 3.5 kilometres east of Dixie Road at the intersection of Airport Road and Mayfield Road in the community of Tullamore, lands are designated

as an industrial/commercial centre and have already attracted some 1.7 million square feet of logistics space, as well as, other transportation related businesses. Further west are the employment lands in south Bolton, which are continuing to attract a wide range of industrial uses, including several large logistics firms. West of Highway 50 along both sides of Mayfield Road, lands have been designated by the Province as a Provincially Significant Employment Zone.

Figure 5: Proximity of the Subject Sites to Designated Employment Lands



Source: Caledon Official Plan with Site Overlays by urbanMetrics inc.

As indicated in Figure 6, Mayfield Road in Caledon between Highway 50 and Mayfield West is developing into an important employment corridor, which is reinforced by its Regional designation as a Primary Truck Route. Owing to their proximity to Highway 410, the two sites are strategically positioned to anchor this important function for the Town, and help to attract additional businesses to the area. It is also important to note that the major anchor tenants for the two sites have selected this location due to their need for large land parcels, but more importantly because of their immediate accessibility to the 400 series highway network. This is also evident in the number of major distribution facilities which have already located in proximity to the subject sites.

Figure 6: Emerging Mayfield Road Employment Corridor

Source: urbanMetrics inc.

Transportation and Warehousing are Key Strengths of the Caledon Economy

The Caledon 2020-2030 Economic Development Strategy completed in April, 2020 identifies the importance of transportation and warehousing to the local economy, and specifically refers to these sectors as “key areas of strengths” in the Caledon economy.

The Economic Development Strategy goes on to indicate how Caledon has been more successful at attracting these types of businesses than manufacturing development:

Many recent developments in the GTHA are oriented towards large-scale industrial development such as wholesale trade, transportation/warehousing and multi-tenant industrial condominiums consistent with the growth of the goods movement sector. Caledon has seen a similar type of investment along Coleraine Drive and other select corridors. Manufacturing-related industrial development has been limited, as more companies look to outsource manufacturing operations to lower-cost locations.¹

¹ Caledon 2020-2030 – An Economic Development Strategy for the Town of Caledon. p. 21

The Strategy adds that the transportation sector provides the Town with further opportunities to build on regional trends:

The presence of a strong transportation and warehousing sector provides opportunities for Caledon to capitalize on regional trends that signal a shift to smart logistics and energy-efficient transportation planning².

The Strategy notes that the “lack of sufficient inventory of serviced, investment-ready land is a concern”³. In our opinion, the lack of industrial land inventory is more acute with respect to the transportation and warehousing sectors owing to their need for very large and strategically located parcels in the vicinity of major highway corridors.

The Economic Development Strategy also indicates that the Region of Peel is specifically examining the cluster of such uses between Tullamore in the area in which the two sites are located to accommodate business growth:

*Currently, as part of the Settlement Boundary Expansion (SABE) Areas work, the Region of Peel is undertaking targeted measures to identify Strategic Employment Lands along the GTA West Corridor through the Whitebelt Visioning exercise. Strategic Employment Land options include clustering in the area west of Bolton (adjacent to the existing industrial area and **emerging cluster extending into Brampton and Vaughan**); **clustering between Airport Road and Dixie Road**; between Tullamore and Sandhill and between Mayfield West and Victoria. (note highlight added by urbanMetrics)⁴*

In our opinion, the proposed development of the two sites with distribution, logistics and other industrial firms aligns exactly with the type of businesses that have been identified in the Economic Development Strategy. The two developments would directly address the shortage of employment lands identified by the Town and would be situated in a strategic area already being examined by the Region, which offers the availability of large parcel sizes in the immediate vicinity of both the existing 400 series highway network and the future GTA West Corridor.

Employment Generation

The development of the two sites would generate a substantial amount of employment for the Town. Figure 7 summarizes the number of jobs generated by the development of the two sites. In total, they would generate some 4,000 jobs. Where available, the employment was provided by Tribal Partners. This works out to approximately 1 job for every 1,200 square feet, which is comparable to

² Ibid. p. 22.

³ Ibid. p. 22.

⁴ Ibid. p. 22

the estimate of 1 job per 1,250 square feet for the future Bolton employment lands contained in the Town's 2019 Development Charges Background Study.

It is important to recognize that the total employment impact has been understated by simply examining the on-site employment. Most industrial users, and especially those in the distribution and warehousing sector rely on contracted trucking and delivery services that would generate many more jobs and labour hours than those occurring on-site.

Wage rates will vary depending on the business and the position. Based on preliminary information provided by potential logistics/transportation businesses. Wage rates for general labour will vary from \$16 to \$20 per hour for lower levels of skill to about \$30 per hour for more specialised facilities. Managerial and supervisor salaries range from approximately \$75,000 to \$100,000, while technical salaries would range from some \$75,000 to \$90,000.

The amount of space and number of employees being proposed would allow for the employment of a wide range of skills, including unskilled-labour, technicians and information technology support, administration as well as, managerial and supervisory personnel.

Figure 7: Employment Generation

North Site

	Size (sq. ft.)	Employment	Sq Ft Per Employee
Building A	881,898	575	1,534
Building B	988,853	600	1,648
Building C	520,152	350	1,486
Building D	270,399	225	1,202
TOTAL	2,661,302	1,750	1,521

South Site

	Size (sq. ft.)	Employment	Sq Ft Per Employee
Building A	1,328,876	1,600	831
Building B	405,706	250	1,623
Building C	189,827	175	1,085
Building D	231,519	225	1,029
TOTAL	2,155,928	2,250	958

TOTAL BOTH SITES	4,817,230	4,000	1,204
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Note: Employment figures provided by Tribal Partners.

Fiscal Benefits to the Town and the Region

The two projects will generate significant property tax and development charge revenues to the Town of Caledon and Peel Region.

Assessed Value

Based on a review of comparable industrial/distribution operations, the development of the two sites will add significantly to the Town's assessment base.

Figure 8 illustrates the assessed value of similar large scale industrial/distribution facilities in proximity to the site, based on information obtained by the Municipal Property Assessment Corporation (MPAC). On an assessed value per square foot basis, these properties range from \$81.45 at the Legacy Supply Chain Logistics Centre on Airport Road to \$108.09 for the DB Schenker Distribution and Logistics Centre in South Bolton. On average the assessed value for these comparable properties was \$92.31 per square foot. In our opinion, these facilities are very comparable in type of operation, size and location to those proposed for the subject site.

Figure 8: Assessed Value of Comparable Industrial Developments Near to the Sites

Address	Employment Area		Assessed Value	Assessed Value
		MPAC	(2020)	Per Sq.ft.
21 Merchant Road	Mayfield West	537,056	\$49,700,000	\$92.54
12424 Dixie Road	Mayfield West	850,000	n.a.	n.a.
12203 Airport Road	Tullamore	1,122,870	\$91,455,000	\$81.45
12333 Airport Road	Tullamore	568,000	\$55,592,000	\$97.87
12315 Coleraine Drive	South Bolton	450,471	\$48,691,000	\$108.09
12724 Coleraine Drive	South Bolton	966,242	n.a.	n.a.
70 Pillsworth Road	South Bolton	414,326	\$40,040,000	\$96.64
Weighted Average		4,908,965	\$285,478,000	\$92.31

Source: MPAC. Size for 12724 Coleraine Road from Co-Star Real Estate Services. Size for 12424 Dixie Road based on estimated measurement by urbanMetrics inc. and from Peel Region Review.com.

Applying the average assessed value per square foot to the South and North sites would result in the following assessed values.

In total, the two sites would add some \$445 million to the Town's non-residential assessment base.

Figure 9: Assessed Values

Site	Size (sq. ft)	Estimated Assessed Value per sq. ft.	Estimated Assessed Value (2020)
South Site	2,155,928	\$92.31	\$199,013,714
North Site	2,661,302	\$92.31	\$245,664,788
Total	4,817,230	\$92.31	\$444,678,501

Property Taxes

While we recognize tax rates will change on a year-to-year basis, the application of current tax rates to each site, provides an indication of the annual taxes that would accrue to the Town, Region and School Boards through the development of the two sites.

Based on the 2020 tax rates, the two sites combined would generate almost \$9 million in annual property taxes to the Town, the Region and the School Boards.

Figure 10: Property Tax Revenues

Site	Estimated Assessed Value (2020)	Town of Caledon Property Taxes	Region of Peel Property Taxes	Education Property Taxes	Total Property Taxes
Tax Rate		0.590056	0.431621	0.980000	
South Site	\$199,013,714	\$1,174,000	\$859,000	\$1,950,000	\$3,983,000
North Site	\$245,664,788	\$1,450,000	\$1,060,000	\$2,408,000	\$4,918,000
Total	\$444,678,501	\$2,624,000	\$1,908,000	\$4,332,000	\$8,901,000

Development Charges

Development charges are used by municipalities and regions as a source of revenue to recover growth-related capital costs for infrastructure. The development charge rates applied in this study, were effective as of February 1, 2021 for both the Town of Caledon and Region of Peel. It is recognized that the ultimate development charges applied to the development of the subject sites will change based on the development charges background studies and by-laws that are applicable at the time of construction.

Bill 108, More Homes, More Choices Act, outlines changes to how development charges are calculated. This includes the introduction of a Community Benefits Charge (“CBC”) to replace former Section 37 of the Planning Act. The Community Benefits Charge can be used to fund some services previously included in a Development Charges By-law. As per the Regulation 509/20 passed in September 2020, municipalities must prepare a Community Benefits Strategy, which among other items identifies the services that will be included in the Community Benefits Charge. Services funded by the Community Benefits Charge cannot also be funded through development charges. The maximum rate of a CBC would amount to 4% of the land value of a development property. Municipalities will likely determine how services would be funded based on an examination of the restrictions and opportunities available from both the CBC and development charges. Municipalities must transition to the Community Benefits Charge by September 2022.

As the neither the Town of Caledon nor Peel Region has prepared a Community Benefits Strategy to date, it is not known how future services will be funded. For the purposes of this analysis, we have relied on the current development charge rates for all services currently funded by the respective development charges by-laws. We recognize that some additional revenues could be available from the Community Benefits Charge in the future for services that are not currently funded through development charges. For this reason, the development charge revenue accounted for in our analysis may under-estimate the full revenues that may be collected for services in the future.

As indicated in Figure 11, under the current rates, the development of the two sites combined will generate approximately \$26 million in development charges for the Town of Caledon and over \$78 million for the Region of Peel.

Figure 11: Development Charge Revenues

Site	Size (sq. ft.)	Size (sq. m.)	Caledon DC Rate ⁽¹⁾ (per sq. m.)	Peel Region DC Rate ⁽¹⁾ (per sq. m.)	Caledon DC Revenues	Region DC Revenues
South Site	2,155,928	200,292	\$58.41	\$174.92	\$11,699,000	\$35,035,000
North Site	2,661,302	247,243	\$58.41	\$174.92	\$14,441,000	\$43,248,000
Total	4,817,230	447,534	\$58.41	\$174.92	\$26,140,000	\$78,283,000

Conclusion

The two sites would complement each other generating thousands of new job thousands of new jobs within the Town of Caledon, of which some 2,250 would be attributable to just the South Site. Both sites are located within a strategic employment corridor that has already attracted many distribution, logistics and other industrial firms to the area. The Town has an identified shortage of serviced employment land to accommodate its business growth and approval of both sites would be directly aligned with the Town’s Economic Development Strategy.

The development of both sites would increase the Town's non-residential assessment base by some \$445 million, of which almost \$200 million would be attributable to the South Site. The development would generate millions in additional property taxes and development charges for the Town and the Region.