



Employment Lands Strategy

City of Belleville

Final Report

August 29, 2024

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List of Acronyms and Abbreviations

Acronym	Full Description of Acronym
BEAR	Belleville East Arterial Road
C.I.P.	Community Improvement Plan
C.M.A.	Census Metropolitan Area
D.C.	Development Charges
E.L.S.	Employment Lands Strategy
G.D.P.	Gross Domestic Product
G.G.H.	Golden Greater Horseshoe
G.I.S.	Geographic Information Systems
G.T.A.	Greater Toronto Area
I.M.F.	International Monetary Fund
L.Q.	Location Quotients
M.M.A.H.	Ministry of Municipal Affairs and Housing
N.F.P.O.W.	No Fixed Place of Work
O.P.	Official Plan
P.P.S.	Provincial Policy Statement / Provincial Planning Statement
P.M.I.	Purchasing Managers' Index



List of Acronyms and Abbreviations (Cont'd)

U.S. United States



Executive Summary



Executive Summary

Introduction

Watson & Associates Economists Ltd. (Watson), in partnership with Cushman & Wakefield ULC (Cushman), hereinafter referred to as the Consultant Team, were retained in the summer of 2023 by the City of Belleville to provide an assessment of the City's Employment Area land needs and corresponding target sector exercise for the Northeast Employment Area in the City of Belleville. An employment land needs assessment and target sector analysis have been undertaken to determine the ultimate amount of lands required, the phasing of development, and types of employment sectors and supportive uses that would be attracted to this Employment Area. The analysis also includes a general direction concerning the development of industrial land and economic competitiveness based on a regional market scan.

Employment Area Requirements and Target Sector Analysis

Drawing upon our review of regional and local economic trends and employment conditions, several established and emerging target sectors have been identified as part of this Employment Lands Strategy for the City of Belleville. Key target sectors for the designated urban Employment Areas in the City are summarized below:

- Manufacturing/Advanced Manufacturing
- Professional, Scientific, and Technical Services/Business Services
- Distribution and Logistics
- Wholesale/commercial uses
- Research and Development/"Knowledge-based" Sectors
- Agri-Business and food manufacturing

To accommodate the steadily growing economic base the City's land-use planning policies must anticipate the evolving nature of the local and regional economies and reflect the diverse needs of industry and businesses of all sizes over the long term. To ensure the long-term competitiveness, growth, and diversity of the City's economy, planning, and marketing efforts must be geared toward the broader strengths of the City and its communities, specific target sector investment attraction efforts, and an adequate supply of quality, shovel-ready employment lands.



Employment Land Supply and Land Needs Analysis

The total vacant employment lands in Belleville amount to 223 hectares, which has been refined to consider environmental factors that might reduce the overall developable area. Of this total, City-owned land comprises the majority, representing 158 hectares or 71% of the land. In contrast, privately-owned lands constitute 65 hectares or 29%, indicating a smaller yet notable share of the developable land within the City.

In accordance with the City's supply of designated, developable vacant urban Employment lands and forecast demand for these lands, a surplus of 20 gross ha (49 gross acres) has been identified by 2051. While a surplus has been identified, several factors could reduce the City's near- and long-term Employment Area supply potential, such as lower employment densities, less intensification, additional land constraints as well as possible delays to servicing and development on the City's remaining vacant sites for various reasons.

The proposed P.P.S., 2024, allows municipalities to identify urban Employment Area land beyond the 30-year limit that is imposed for residential development. Considering this, Belleville may need to consider planning beyond this 2051 surplus by establishing a new Employment Area to ensure a competitive offering of Employment Area land and the protection of strategic lands over the long term.

Designating, servicing, developing, and constructing additional employment lands is a complex and slow process, which on average can require in the range of 15 years from the initial study stage to the time new industrial development is occupied and operational. Accordingly, it is recommended that the City begin exploring the next possible location for Employment Area development beyond the Northeast Employment Area in the near future. The Strategic Employment Area Reserve is an area that merits further analysis and exploration, especially within the context of the BEAR. If it is determined that these lands are not a viable option for development within the next two decades, the City should explore alternative options outside its existing urban boundary to facilitate future urban Employment Area growth – the Rural Employment Area Reserve is another location that the City can further assess.



Employment Lands Development Options Review

The current cost to service employment land is approximately \$125,000 to \$135,000 per acre and traditionally the market value of unserviced land is approximately \$40,000 to \$50,000 per acre. The return on investment for the private sector is still likely not strong enough for private interests to solely engage in industrial land development within Belleville. This is not unique to Belleville, as only communities in the G.T.A. and Ottawa typically have sufficiently high land values to entice private sector development. Considering this, industrial land development within Belleville will likely still be led by the municipality in the short- to medium-term horizon.

Conclusions

To remain competitive, the City must be able to offer a range of parcel sizes and configurations to ensure it can attract and accommodate a range of industries to the City over the next 30+ years. This can be locations outside of the urban boundary as well as other opportunities currently within the urban boundary. Part of this consideration is the concept of critical mass, to ensure that a future Employment Area within the City is large enough in size, marketable, and is financially feasible to accommodate a range of parcel sizes and uses.

One primary location for the City to start exploring is the Strategic Employment Area. These lands represent a potentially viable location for the City's next serviced Employment Area. Further analysis needs to be conducted by the City to better understand how the BEAR can facilitate the development of these lands, and the resulting servicing strategy that would be required for full municipal servicing. While the City currently has a surplus of vacant employment lands, section 2.1.3 of the proposed P.P.S., 2024 does permit the designation of Employment Areas beyond the 30-year planning horizon. Accordingly, the City could begin the initial stages of this analysis, to be better poised for future employment land demand and development.

In addition to the Strategic Employment Area, the City can continue to explore brownfield redevelopment opportunities through its Community Improvement Plan (C.I.P.) and Development Charge (D.C.) deferrals. Further to the above, the City can also explore other initiatives that have the potential to enhance the demand and marketability of its Employment Areas. One example of this is a potential interchange along Highway 401. This interchange could provide direct access to the Northeast



Employment Area and further support residential and non-residential development in the City. Such a large infrastructure investment would likely require partnerships with other levels of government – the financial viability of an interchange would have to be assessed under various partnership scenarios.

Moving forward, it will be vital that the City continue to annually monitor its absorption of vacant Employment Area land, Employment Area densities, and Employment Area intensification to ensure that it has a sufficient supply of land to accommodate demand over 30 years. The demand forecast for employment and the resulting Employment Area forecast should be monitored annually and reevaluated on a 5- to 10-year basis, to ensure that the calculation of long-term land needs is in alignment with both the City's supply and growth potential. Establishing a monitoring framework for both the City's residential and non-residential lands will help the City continue to plan for the development of complete communities and a diverse tax base.



Report



Chapter 1

Introduction



1. Introduction

1.1 Terms of Reference

Watson & Associates Economists Ltd. (Watson), in partnership with Cushman & Wakefield ULC (Cushman), hereinafter referred to as the Consultant Team, were retained in the summer of 2023 by the City of Belleville to provide an assessment of the City's Employment Area land needs and corresponding target sector exercise for the Northeast Employment Area in the City of Belleville. An employment land needs assessment and target sector analysis have been undertaken to determine the ultimate amount of lands required, the phasing of development, and types of employment sectors and supportive uses that would be attracted to this Employment Area. The analysis also includes a general direction concerning the development of industrial land and economic competitiveness based on a regional market scan. More specifically, this study provides the following:

- An evaluation of the City's current employment land supply and an assessment of the "Investment Readiness" of its employment lands within the context of evolving macro-economic trends, landowner type, and anticipated employment sectors;
- A review of regional and local macro-economic and demographic trends that are anticipated to impact the amount, type, and location of the City's long-term employment growth potential;
- A target sector analysis to determine the key employment sectors for the City's employment lands and explore the site selection requirements necessary to support business attraction efforts;
- An assessment of longer-term Employment Area land needs (i.e. supply versus demand); and
- A review of employment land development options (private vs. public sector).

The results of the analysis provided herein are intended to assist in decision-making specifically related to land-use planning and growth management, economic development, infrastructure planning, and financial planning for the City of Belleville.



1.2 Background

The City of Belleville is located in Eastern Ontario and is home to a wide range of businesses. For Belleville, the industrial sector represents a significant source of employment and economic development in the City. Moving forward, the City will continue to face several opportunities and challenges concerning the management and marketing of the Belleville employment lands. From a macro-economic perspective, the provincial economy is transitioning from goods to services production. While manufacturing remains vitally important to the provincial economy concerning jobs and economic output, this sector is continually evolving across Ontario. Looking forward, there will continue to be a manufacturing focus in Belleville and the surrounding economic region; however, industrial processes have become more capital-intensive and automated, as local industries are required to streamline production through increased product innovation, specialization, and integration of technology. Ontario has already been experiencing the reshoring of manufacturing, particularly related to Electric Vehicle (E.V.) projects creating additional spin-off manufacturing opportunities.

These trends in the manufacturing sector will have a direct impact on employment growth rates, employment density, and siting requirements in the City's Employment Areas and ultimately impact future employment land needs in various ways. If properly planned for, the transitioning regional economy represents a potential opportunity for the City. To ensure the continued growth and diversity of the City's economy, planning, and marketing efforts must be geared toward both the broader strengths of the City and its Employment Areas, as well as specific target sector investment attraction efforts.

1.2.1 What are Employment Lands?

Employment lands typically include a broad range of designated lands, including light, medium, and heavy industrial lands, business parks, and rural industrial lands. Employment Areas accommodate primarily export-based employment, including a wide range of industrial uses (e.g. manufacturing, distribution/logistics, transportation services), as well as specific commercial and institutional uses (e.g. office, service, ancillary/accessory retail) which generally support the industrial/business function of the Employment Areas. Section 3.1.12 of the City of Belleville Official Plan (O.P.) defines Employment Lands as lands that are "intended to serve as the major concentrations of industrial activity and employment in the City. The Municipality is committed to



protecting and preserving employment lands.” The City has Employment Lands located through the urban boundary, with the Northeast Employment Area representing a substantial portion of the City’s vacant employment lands and presents an opportunity for continued economic growth.

1.2.2 Why are Employment Lands Important?

Employment lands form a vital component of the City of Belleville’s land-use structure and are an integral part of the local economic development potential of the City and the broader regional market. They are also home to many of the City’s private-sector employers.

Through the development of its employment land base, the City is better positioned to build more balanced, complete, and competitive communities. Development typically accommodated on employment lands generates relatively strong economic multipliers (i.e. spin-off effects) that benefit the City and broader regional area directly and indirectly. In addition, employment land development generates employment opportunities that can improve local socio-economic conditions (i.e. live/work opportunities). Furthermore, achieving non-residential growth adds to a community’s assessment base, which can help support property taxes and municipal service levels. Employment land development also tends to produce more positive net fiscal benefits for the community than other types of development (e.g. residential and retail). Thus, a healthy balance between residential and non-residential development is considered an important policy objective for the City of Belleville.

1.3 Provincial Planning Policy Context

The employment growth forecast and land needs analysis, provided herein, was prepared under the purview of the Provincial Policy Statement (P.P.S.), 2020. On April 7, 2023, the Province of Ontario released a new Provincial Planning Statement (P.P.S.) in concert with introducing Bill 97: *Helping Homebuyers, Protecting Tenants Act, 2023*. Bill 97 proposes amendments to seven provincial statutes, including the *Planning Act*. The proposed P.P.S., 2023 is intended to simplify and integrate existing provincial policies (A Place to Grow: Growth Plan for the Greater Golden Horseshoe and the P.P.S., 2020) while providing municipalities and the Province with greater flexibility to deliver on housing objectives.



On April 10, 2024, the Province introduced *Bill 185: Cutting Red Tape to Build More Homes Act, 2024* which includes a revised Provincial Planning Statement (P.P.S.) 2024. The Ministry of Municipal Affairs and Housing (M.M.A.H.) is seeking feedback over a 30-day review period. A key focus of the proposed P.P.S., 2024 is that it recognizes that the approach to delivering housing needs and Employment Area land needs requirements will vary by municipality and, as such, moves away from a prescriptive guideline-based approach. The following summarizes key highlights of the proposed P.P.S., 2024.

- Compared to the P.P.S., 2020, the proposed P.P.S., 2024 provides a more flexible horizon for planning for growth by providing a planning horizon with a minimum of 20 years and a maximum of 30 years. Similar to the proposed P.P.S., 2023, “planning for infrastructure, public service facilities, strategic growth areas, and employment areas may extend beyond this time horizon.”^[1] Based on our interpretation of the proposed P.P.S., 2024, this would suggest that municipalities are to designate land to accommodate growth over a 20- or 30-year period, with the opportunity to designate additional land beyond the 30-year time horizon for Employment Areas.
- The proposed P.P.S., 2024 includes an updated definition of Employment Area based on the amendment of the *Planning Act* on June 8, 2023. The *Planning Act* was amended under subsection 1 (1) to include a new definition of “area of employment.” The amendment to the *Planning Act* received Royal Assent as part of Bill 97 on June 8, 2023. The definition change in the *Planning Act* would require proclamation before it becomes in effect. In light of the definition change of Employment Area, a key concern for municipalities will be their ability to provide an urban structure that will support employment uses outside of Employment Areas, particularly non-retail commercial and institutional uses (e.g. office uses, training, and education, entertainment, wholesale trade, and service repair centres). Traditionally, Employment Areas have been regarded as areas protected for key targeted employment sectors, especially those in the export-based sectors.
- The proposed P.P.S., 2024 requires that municipalities unlock more housing opportunities, stating that municipalities should support the redevelopment of commercially designated retail lands (e.g., underutilized shopping malls and

^[1] Proposed PPS, 2024, policy 2.1.3, p. 6



plazas) to support mixed-use residential.^[1] Furthermore, the proposed P.P.S., 2024 notes that Employment Areas that do not meet the definition of Employment Area, referred to as “employment outside of Employment Areas” should support a diverse mix of land uses, including residential uses.^[2] These lands generally would include office business parks, commercial and institutional lands, and employment lands that do not meet the definition of Employment Area. It is also suggested that specific industrial, manufacturing, and small-scale warehousing uses that do not require separation from sensitive land uses are to be encouraged to be located in mixed-use areas or Strategic Growth Areas where frequent transit service is available, outside of Employment Areas.^[3]

- The proposed P.P.S., 2024 carries forward similar policies on conversions provided in the proposed P.P.S., 2023. Under the proposed P.P.S., 2024, municipalities are provided with greater control over Employment Area conversions (now referred to as Employment Area removals) with the ability to remove lands from Employment Areas at any time. Previously, under the P.P.S., 2020, and the Growth Plan, municipalities were required to review changes to designated Employment Areas during a Municipal Comprehensive Review or Comprehensive Review. Under the proposed P.P.S., 2024, municipalities are required to demonstrate that there is an identified need for the removal and the land is not required for Employment Area uses over the long term.
- The Provincially Significant Employment Zones identified in the Growth Plan are not proposed to be carried forward in the P.P.S., 2024. The Province has suggested in the PPS, 2024 proposal summary that the policies in the PPS are sufficient for the protection of Employment Areas.^[4]
- The proposed P.P.S., 2024 identifies that development within rural areas needs to be assessed within the rural context in terms of the scale of servicing and character.^[5] No further direction is provided with respect to development within existing or new Rural Employment Areas. Under subsection 2.2.9.5 of the Growth Plan, the Province provided a framework for Rural Employment Area expansions. The framework identified that expansion of Employment Areas

^[1] Proposed PPS, 2024, policy 2.4.1.3, p. 9.

^[2] Proposed PPS, 2024, policy 2.8.1.3, p. 13.

^[3] Proposed PPS, 2024, policy 2.1.8.2, p. 11.

^[4] Environmental Registry of Ontario, ERO 019-8462, Review of Proposed Policies for a New Provincial Planning Policy Instrument, Proposal Summary, Section 2.

^[5] Proposed PPS, 2024, policy 2.5.2, p. 10.



outside settlement areas on rural lands that were designated for employment uses may only be permitted if necessary to support the immediate needs of existing businesses and if compatible with the surrounding uses.^[1] The proposed P.P.S., 2024 does not carry forward this policy. Based on the proposed P.P.S., 2024, it appears that the expansion of Rural Employment Areas in the Golden Greater Horseshoe (G.G.H.) is no longer subjected to the policies that prohibited the creation of new Employment Areas in the rural areas.

As previously noted, as part of Bill 97, the definition of Employment Area has received Royal Assent but will require proclamation before it comes into effect. Upon initial review of these documents, the technical results of this analysis would remain unchanged.

^[1] A Place to Grow, Growth Plan for the Greater Golden Horseshoe, Office Consolidation, policy 2.2.9.5, p. 28.



Chapter 2

Macro and Regional Economic Trends and City of Belleville Employment Conditions



2. Macro and Regional Economic Trends and City of Belleville Employment Conditions

This chapter summarizes the global, national, provincial, and regional economic trends that are anticipated to continue to influence the population and employment growth outlook for the City of Belleville over the next three decades.

2.1 Global Economic Outlook

In its latest World Economic Outlook, the International Monetary Fund (I.M.F.) is forecasting global economic growth to increase slightly from 2.9% in 2023 to 3.1% in 2024 and 3.2% in 2025. For advanced economies, economic growth of 1.6% in 2023 exceeded the I.M.F.'s forecast of 1.5% from its previous October 2023 projections. Looking forward, the outlook has slightly improved from I.M.F.'s October 2023 projections, with forecast growth of 1.5% in 2024 and 1.8% in 2025. Global headline inflation is anticipated to fall from 6.8 % estimated as of 2023 to 5.8% in 2024 and 4.4% in 2025.

Growth prospects for emerging markets and developing economies are much more varied, but overall have strengthened slightly from the I.M.F.'s October 2023 outlook, and are noticeably stronger relative to advanced economics with economic growth projections of 4.1% in 2023 and 4.2% in 2024.^[1]

Within the United States (U.S.), real gross domestic product (G.D.P.) grew by a relatively moderate 1.9% in 2022 and by 2.5% in 2023. G.D.P. is forecast to continue to grow by about 2.1% in 2024 before decreasing to 1.7% in 2025. This outlook is based on assumptions of an anticipated decline in interest rates, declining inflation, a related softening in labor markets, and pass-through effects from earlier declines in relative energy prices.

^[1] International Monetary Fund, World Economic Outlook, Moderating Inflation and Steady Growth Open Path to Soft Landing, January 2024.



2.2 Evolving Macro-Economic Trends Associated with COVID-19

Since being declared a pandemic by the World Health Organization on March 12, 2020, the economic impacts of COVID-19 on global economic output have been significant. Economic sectors such as travel and tourism, accommodation and food, manufacturing, and energy were hit particularly hard by COVID-19 social distancing measures. On the other hand, many employment sectors, particularly knowledge-based sectors, that have been more adaptable to the current remote work environment and evolving hybrid work-from-home/work-at-office environment have been less negatively impacted, and in many cases have prospered. Furthermore, required modifications to social behavior (i.e., physical distancing) and increased work-at-home requirements resulting from government-induced containment measures have resulted in significant ongoing economic disruption, largely related to changes to the nature of work (refer to subsection 2.2.1., herein). Lastly, escalating tensions and constraints to international trade, as well as increased geopolitical unrest, increasingly point to potential vulnerabilities of globalization and logistical challenges associated with global supply chains which were severely disrupted during the height of the pandemic.

Following a sharp national economic contraction in 2020, in response to COVID-19 policy measures, federal economic support and fiscal stimulus, and vaccine rollouts, the Canadian economy experienced a sharp economic recovery in 2021 and 2022. Notwithstanding this recovery, there are growing macro-economic headwinds of which to be aware, that are influencing the economy at national, provincial, and regional levels. Most notably, persistently high global and national inflation levels have required an aggressive response by central banks to tighten monetary conditions through sharp increases in interest rates and quantitative tightening.^[1] It is noted that as of March 2024, Canada's inflation rate was at 2.9%, which is down from its recent peak of 8.1% in June 2022.^[2] Current measures by central banks are anticipated to continue to cool economic output and consumer demand; however, ongoing trade disruptions, geopolitical conflict, and tight labour conditions continue to aggravate global supply

^[1] Quantitative tightening is a process whereby a central bank reduces the supply of money circulating in the economy by selling its accumulated assets, mainly bonds.

^[2] Statistics Canada, The Daily, Consumer Price Index: March 2024, April 16, 2024.



shortages of goods and services. In turn, this somewhat limits the ability of tighter monetary conditions to ease rising inflationary pressures.

Rising public-sector debt due to pandemic response measures and increasing household debt loads resulting from sharp housing price appreciation in many areas of Canada, most notably the country's largest urban centres, is also a concern. Recently, the national housing market has started to show cooling signs concerning sales and price appreciation; however, recent trends in the housing market vary by region across Canada. Higher mortgage rates, rising borrowing costs, increasing fuel costs and upward pressures on rents are further exacerbating challenges associated with declining housing affordability through increases in monthly household carrying costs. These impacts, combined with the broader inflationary concerns outlined above, are increasingly likely to result in potential near-term setbacks in the path to economic recovery for Ontario and Canada. Despite these consequences of COVID-19 and the near-term economic headwinds discussed herein, the long-term economic and housing outlook for the City as well as the surrounding region remains positive, as this area continues to be attractive to international investment and newcomers alike. Similarly, the long-term economic outlook for the Province of Ontario also remains positive.

2.2.1 COVID-19 and the Changing Nature of Work

In addition to its broader impacts on the economy, COVID-19 is also accelerating changes in work and commerce as a result of technological disruptions that were already taking place before the pandemic. Businesses are increasingly required to rethink the way they conduct business with an increased emphasis on remote work enabled by technologies such as virtual private networks, virtual meetings, cloud technology, and other remote work collaboration tools. These disruptive forces continue to broadly impact the nature of employment by place of work and sector, and have a direct influence on commercial, institutional, and industrial real estate space needs.

As of 2023, it is estimated that approximately 6% of the City of Belleville's workforce is working from home on a full-time basis, which is higher than the City's Work at Home



employment in 2016.^[1] This estimate excludes hybrid workers, who are captured as residents with a usual place of work. From a municipal planning and urban development perspective, it is important to consider the impact of hybrid workers when assessing non-residential space needs, particularly in the office sector.

In addition to work-at-home employment, there are workers within the City who have no fixed place of work (N.F.P.O.W.).^[2] The percentage of workers within the City who reported N.F.P.O.W. is approximately 11% in 2023, which has remained comparable to 10% in 2016.^[3]

It is anticipated that the percentage of people who work from home on a full-time and part-time basis, as well as those who do not have a fixed place of work, will remain relatively high for the City over the long term, driven by continued growth in knowledge-based employment sectors and continued technological advancement.

2.3 Provincial Economic Outlook within the Broader Canadian and Global Context

2.3.1 National and Provincial Gross Domestic Product Trends and Near-Term Forecast

Similar to the broader Canadian economy, the economic base of Ontario, as measured by G.D.P. output, has shifted from goods-producing sectors (i.e., manufacturing and primary resources) to services-producing sectors over the past several decades. This shift has largely been driven by G.D.P. declines in the manufacturing sector which were accelerated as a result of the 2008/2009 global economic downturn. It is noted,

^[1] 2016 based on Statistics Canada Census data, 2023 estimate by Watson & Associates Economists Ltd., 2023. It is important to note that the 2021 Census enumeration occurred during the COVID-19 pandemic, when many employees across Canada were required to work remotely, making it likely that this number is higher than the actual work at home number.

^[2] Statistics Canada defines N.F.P.O.W. employees as “persons who do not go from home to the same workplace location at the beginning of each shift. Such persons include building and landscape contractors, travelling salespersons, independent truck drivers, etc.”

^[3] Work at home and N.F.P.O.W. employment derived from 2016 and 2021 Statistics Canada Census data. It is noted that the 2021 Census data may not be reliable due to timing of enumeration coinciding with COVID-19.



however, that these G.D.P. declines in the manufacturing sector have started to show signs of stabilization over the past few years, both before the pandemic and through the more recent economic recovery. Further to this, the logistics sector has continued to generate demand for industrial space.

Over the past decade, the Ontario export-based economy experienced a rebound in economic activity following the 2008/2009 downturn; however, this recovery was relatively slow to materialize with levels sharply rebounding by 2014, as illustrated in Figure 2-1. This economic rebound has been partially driven by a gradual recovery in the manufacturing sector, fueled by a lower-valued Canadian dollar combined with the gradual strengthening of the U.S. economy.^[1] Provincial G.D.P. growth eased in 2019 to 2.1%, largely as a result of a tightening labour market and slowing global economic growth.^[2]

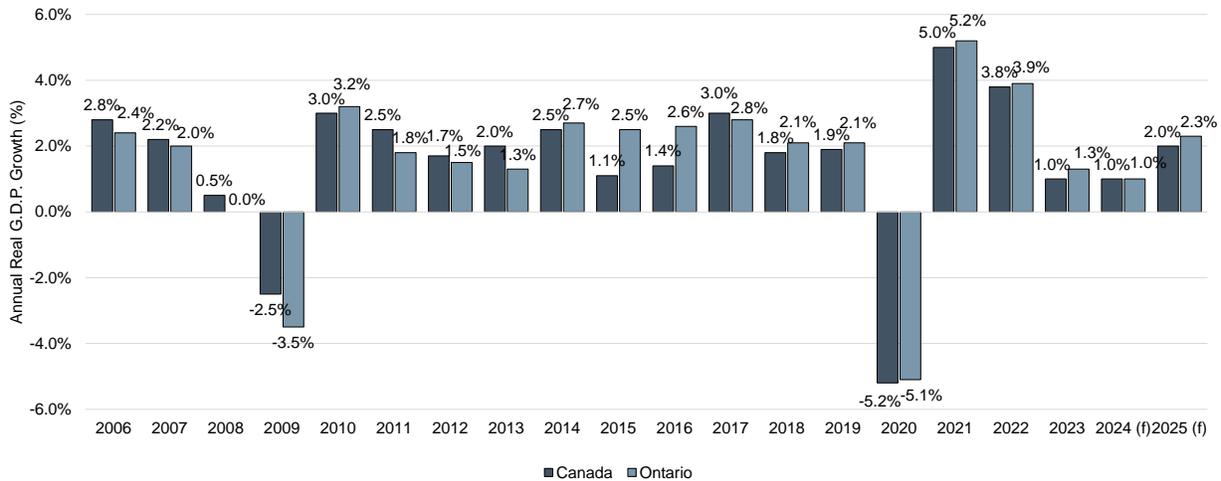
As illustrated in Figure 2-1, the Ontario economy contracted by 5.1% in 2020, before rebounding by 5.2% in 2021 and contracting to 3.9% in 2022. Throughout 2023, the G.D.P. growth in the Ontario economy continued to contract to 1.3%, while the overall Canadian economy grew by 1%. BMO Capital Markets has forecast that G.D.P. growth will decline to 1% in Ontario as well as for Canada in 2024. For 2025, the G.D.P. growth is forecast to rebound to 2.3% for Ontario and 2% for all of Canada.

^[1] Valued at approximately \$0.73 U.S. as of November 17, 2023.

^[2] Provincial Economic Outlook, BMO Capital Markets, November 10, 2023.



Figure 2-1
Province of Ontario and Canada
Annual Real G.D.P. Growth, Historical (2006 to 2023) and Forecast (2024 to 2025)



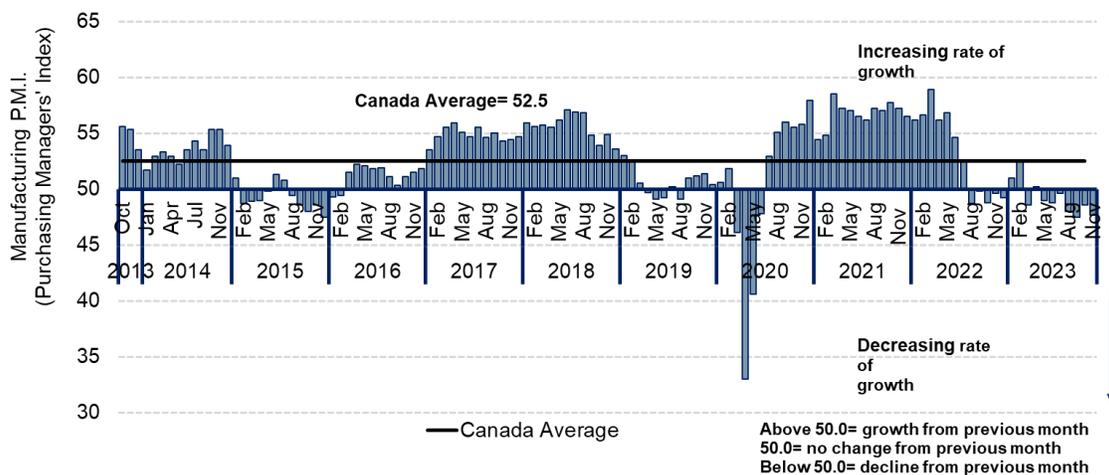
Note: 2024 and 2025 are forecast by BMO Capital Markets Economics.
 Source: Derived from BMO Capital Markets Economics, Provincial Economic Outlook, March 8, 2024, by Watson & Associates Economists Ltd.

2.3.2 Outlook for National and Provincial Manufacturing Sector

The Purchasing Managers’ Index (P.M.I.) is a prevailing economic indicator for economic trends in the manufacturing and services sectors, which is based on the purchasing managers’ market condition outlook and serves as a key measure of the direction of the manufacturing sector monthly. The P.M.I. ranges between a number between 1 to 100. A P.M.I. value greater than 50 represents an expansion relative to the previous month, while a P.M.I. value less than 50 represents a contraction. Figure 2-3 summarizes the P.M.I. for Canada between 2013 (October) and 2023 (November). As illustrated in Figure 2-2, the P.M.I. indicated moderate to strong expansion between 2013 and 2021, except in the years 2015, 2019, and 2020; for which the index showed sustained monthly contractions. The P.M.I. shows steep contractions in manufacturing at the beginning of March 2020 due to the negative effects of COVID-19 on the global economy, international trade, and the general demand for goods and services. These conditions worsened into April 2020; however, they showed signs of a strong rebound by July 2020 before moderating by July 2022. For the rest of 2022 through November 2023, the index showed sustained contractions in most months. The Canadian PMI average for the entire reference period is 52.5.



Figure 2-2
Purchasing Managers' Index for Canada, October 2013 to November 2023



Source: HIS Markit Canada, Canada P.M.I. Index, October 2013 to November 2023 summarized by Watson & Associates Economists Ltd., 2023.

As summarized in Figure 2-3, from 2004 to 2009 the labour force and G.D.P. of Ontario's manufacturing sector decreased significantly. Between 2009 and 2019, however, provincial labour force levels stabilized in this sector, while G.D.P. output steadily increased. Since stabilizing in 2010, labour force levels in the manufacturing sector have remained relatively steady except for the mid-2020 decline and sharp recovery following the onset of COVID-19.

While manufacturing remains vitally important to the provincial and regional economy concerning jobs and economic output, this sector has not represented an employment growth sector at the provincial or regional level over the past several decades. Notwithstanding these structural economic challenges, within the Belleville-Quinte West Census Metropolitan Area (C.M.A.), the manufacturing sector has experienced a relatively strong recovery over the past decade, increasing from a 2012 labour force of 7,300 to a labour force of 10,700 by 2023.^[1]

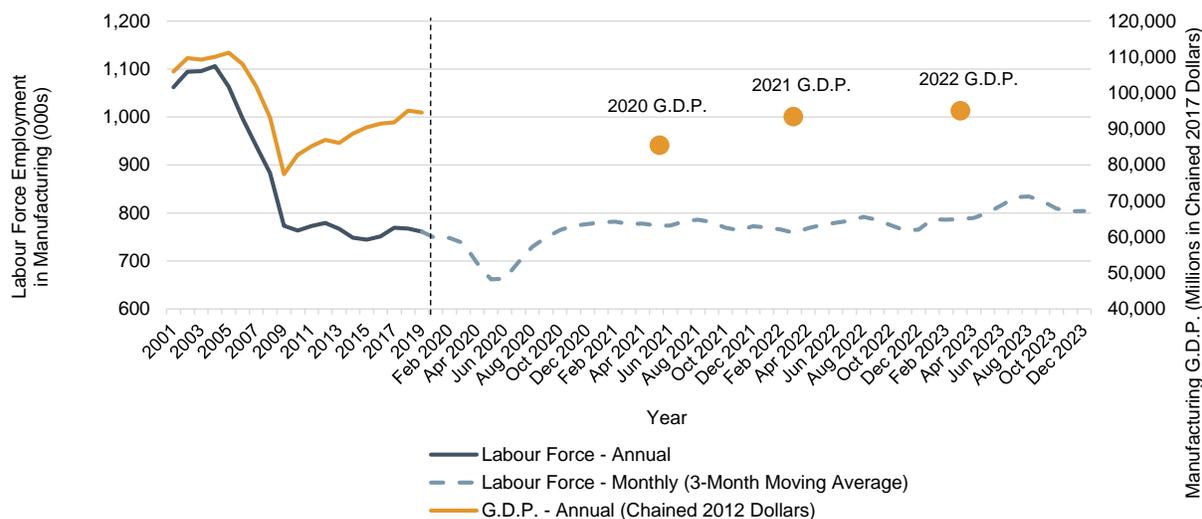
While there will continue to be a manufacturing focus in Ontario, the nature of industrial processes is rapidly shifting, becoming more capital/technology intensive and automated, with lower labour requirements. The highly competitive nature of the manufacturing sector will require production to be increasingly cost-effective and value-

^[1] Statistics Canada Employment by Industry, Census Metropolitan Areas, Annual.



added oriented, which bodes well for firms that are specialized and capital/technology intensive. As a result of increased technological efficiencies in the manufacturing sector, provincial G.D.P. levels related to the manufacturing sector are anticipated to outpace labour force growth over the next decade, indicating increasing G.D.P. output per employee.

Figure 2-3
Manufacturing Labour Force Trends in Ontario, 2001 to December 2023



Source: Annual labour force data from Statistics Canada Labour Force Survey, Table 282-0125, 2020 monthly data from Table 14-10-0091-01, and 2021 to 2023 monthly data from Table 14-10-0388-01. Annual G.D.P. data from Statistics Canada Table 36-10-0402-01, by Watson & Associates Economists Ltd.

2.4 Outward Population and Employment Growth Pressure

As previously noted, the City of Belleville is situated along Highway 401 in Eastern Ontario, approximately 80 km west of the City of Kingston and 170 km east of Durham Region. Given the City’s strategic location between the Golden Greater Horseshoe (G.G.H) and Kingston and its proximity to Highway 401 and Highway 2, Belleville is well-positioned to develop and expand its economic base. Figure 2-4 summarizes intra-provincial migration flows into the Hastings County Census Division between the 2015 to 2021 period.^{[1] [2]} For the Hastings County Census Division, which includes the City

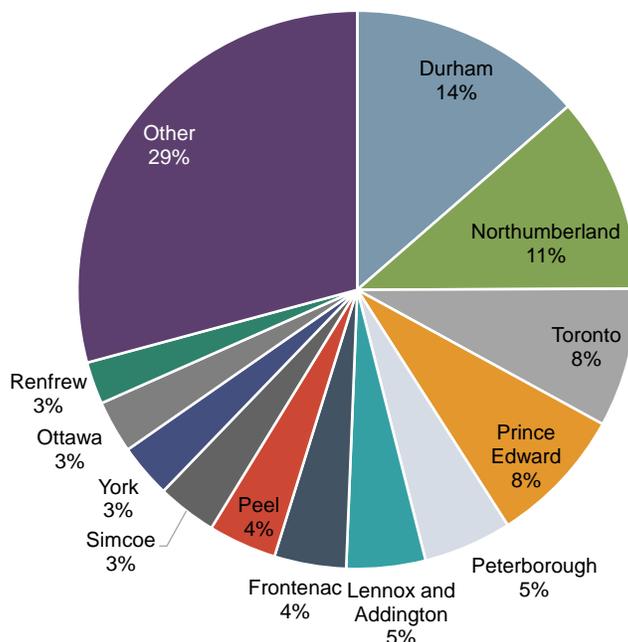
^[1] Although Belleville is administratively separate from the Hastings County, the data reported at Census Division level includes City of Belleville

^[2] Intra-provincial migration represents individuals migrating from a Census Division within Ontario to another Census Division within Ontario.



of Belleville, intra-provincial migration from the larger urban centres within G.G.H. accounted for 46% of intra-provincial migration between 2015 and 2021. Municipalities within Eastern Ontario accounted for 25% of intra-provincial migration to Hastings County.^[1]

Figure 2-4
Historical Migration Flows into Hastings County Census Division, 2015 to 2021



Source: Statistics Canada Custom Order Data, Derived by Watson & Associates Economists Ltd., 2023.

It is anticipated that a large share of residents migrating to Belleville will be younger working-age residents, given local economic growth opportunities across a range of export- and service-based sectors, as well as the potential for out-commuting within the City’s commuter shed. Driven by the relative affordability of housing in the City of Belleville and the surrounding region as well as anticipated regional economic growth, this region is anticipated to attract increased net migration relative to historical trends associated with working-age adults and their families. Growing opportunities across a range of high-paying jobs within the City and surrounding commuter-shed represent a key driver of population growth for the City. As such, the continued development of Belleville’s Employment Areas will play an important role in business attraction and resultant population growth. In turn, population growth will also continue to drive growth

^[1] Locations embedded within the ‘Other’ category contribute towards the 46% and 25% metrics quoted in the text.



in population-related employment sectors including retail, personal services, business services, and health and social services.

2.5 Regional Economic Opportunities

The City of Belleville is characterized by a blend of expansive rural lands and vibrant urban settlement areas. The existing employment base is concentrated in health care and social assistance, administration and support, manufacturing, retail trade, accommodation and food services, and educational services.^[1]

The broader regional economy around the Belleville-Quinte West area is transitioning from goods to services production, a trend that is well-documented across national, provincial, and regional levels, as previously discussed. Looking forward, existing and emerging knowledge-based sectors, such as professional, technical and scientific services, finance and insurance, health care, educational services, and information technology are expected to represent the fastest growing employment sectors in the regional market area. Ongoing initiatives involving Rogers and the Eastern Ontario Regional Network are working to improve and expand access to broadband internet.^[2] This will further allow for increased economic investment and subsequently drive job creation. The City can anticipate population and housing growth from this initiative, as potential employees look to locate in competitively priced housing markets.

While the broader provincial and regional economy is observing this transition towards service-based employment, there is still a sustained demand and need for traditional export-based sectors. These sectors will continue to require access to serviced employment land to accommodate long-term growth. Providing for a range of serviced parcel configurations and sizes, with adequate separation from residential areas, will be vital for municipalities such as Belleville to attract industrial-type uses.

2.5.1 Labour Force Trends, 2001 to 2023

Figure 2-5 illustrates the total labour force and unemployment rate trends for the Belleville-Quinte West Census Metropolitan Area (C.M.A.) alongside the unemployment

^[1] Lightcast (EMSI and Burning Glass Technologies) annual industry data.

^[2] <https://www.eorn.ca/en/projects/projects.aspx>



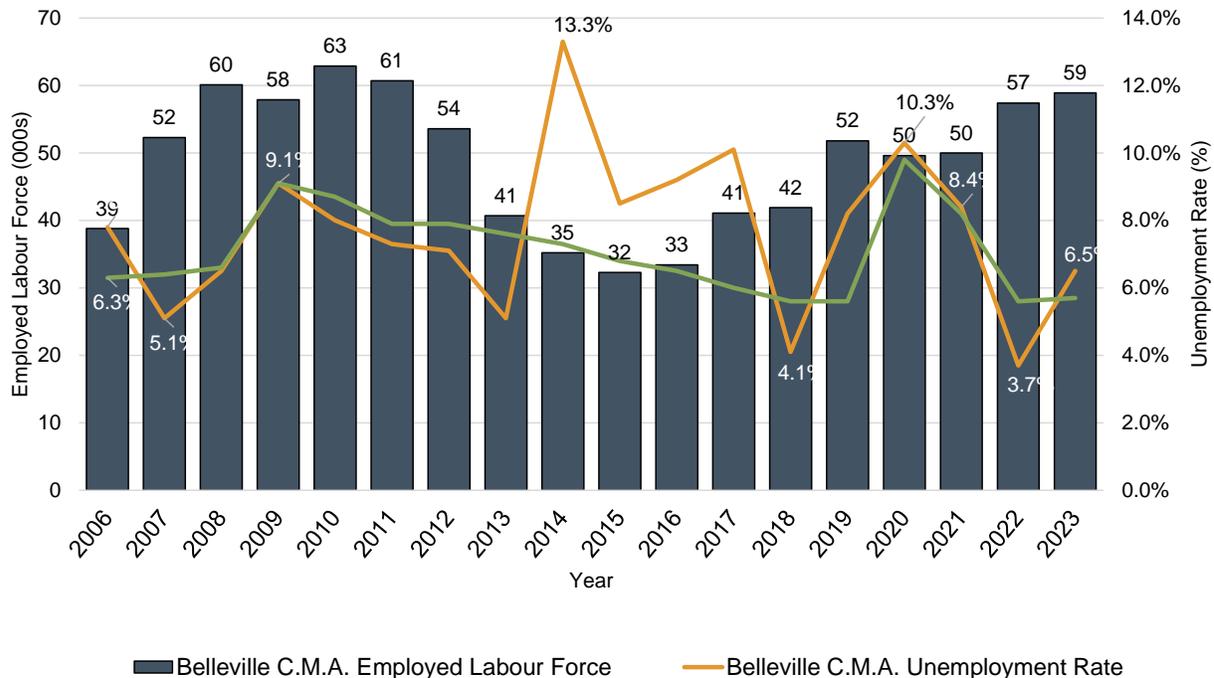
rate in Ontario.^[1] Labour force data represents the number of residents who live in the Belleville – Quinte West C.M.A. and are part of the labour force, regardless of where they work. This includes residents who live and work in the C.M.A., those who work from home, and those who commute outside the C.M.A. for work. Key observations regarding regional labor force trends over the past two decades include the following:

- The unemployment rate in the Belleville – Quinte West C.M.A. rose to 9.1% in 2009, coinciding with the 2008/2009 global economic recession, and subsequently fell to 4.1% in 2018 before peaking in 2020 at 10.3% as a result of the COVID-19 pandemic.
- From 2006 to 2020, the employed labour force within the region increased at an annual rate of approximately 2.5%.
- The Labour force in the C.M.A. reached a historical low in the period between 2014 and 2016, while the unemployment rate peaked during this period. Since 2016, the labour force has been steadily increasing, with a slight drop in 2020 due to COVID-19. In 2022, the labour force in the C.M.A. experienced a sharp increase from 2020 / 2021, while the unemployment rate reached a record low of 3.7%.
- To ensure that economic growth is not constrained by future labour shortages, a continued effort will be required by the municipalities within the Belleville – Quinte West C.M.A. (working with their public- and private-sector partners) to explore ways to attract and accommodate new skilled and unskilled working residents within a broad range of ownership and rental housing options.

^[1] Based on the levels of geography for which the data on labour force and employment rate trends is maintained, economic region level data is the closest regional data available for the Belleville - Quinte West C.M.A.



Figure 2-5
Belleville – Quinte West C.M.A.
Employed Labour Force and Unemployment Rate Trends, 2006 to 2023



Source: Annual data from Statistics Canada Table 14-10-0385-01 compiled by Watson & Associates Economists Ltd., 2024.

2.6 Recent Non-Residential Growth Trends

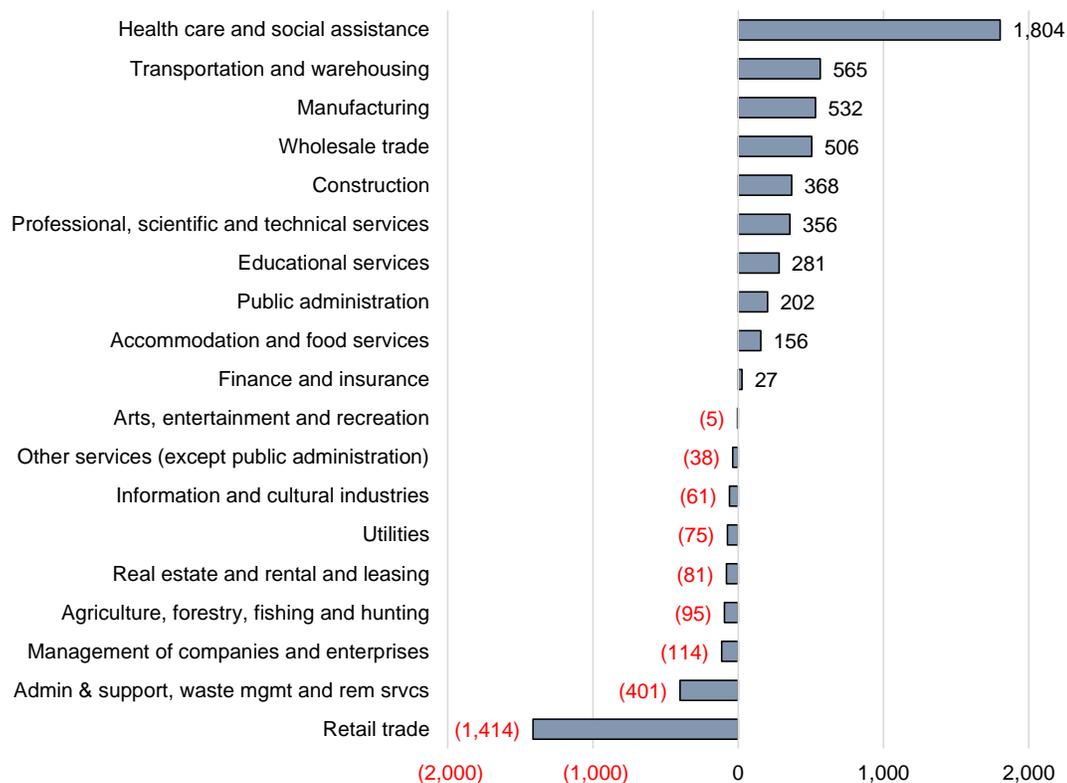
As summarized in Figure 2-6, sectors including health care and social assistance, transportation and warehousing, manufacturing, wholesale trade, and construction have seen the strongest employment growth within Belleville. As observed in the figure, sectors that are industrial in nature generally saw an increase in employment over the last decade. Comparatively, sectors such as retail trade, administration and support services, and management of companies and enterprises have seen a decline in employment in the last decade.

A major factor influencing the future competitiveness of the City's economic base relates to, in part, the quantity and quality of its Employment Areas. As such, the City will need to continually ensure it contains an ample and marketable supply of



employment lands to generate new employment opportunities across a broad range of industrial sectors.

Figure 2-6
City of Belleville
Employment Growth, 2012 to 2023



Source: Derived from Lightcast data by Watson & Associates Economists Ltd., 2024.

2.6.1 Addressing Regional Economic Opportunities

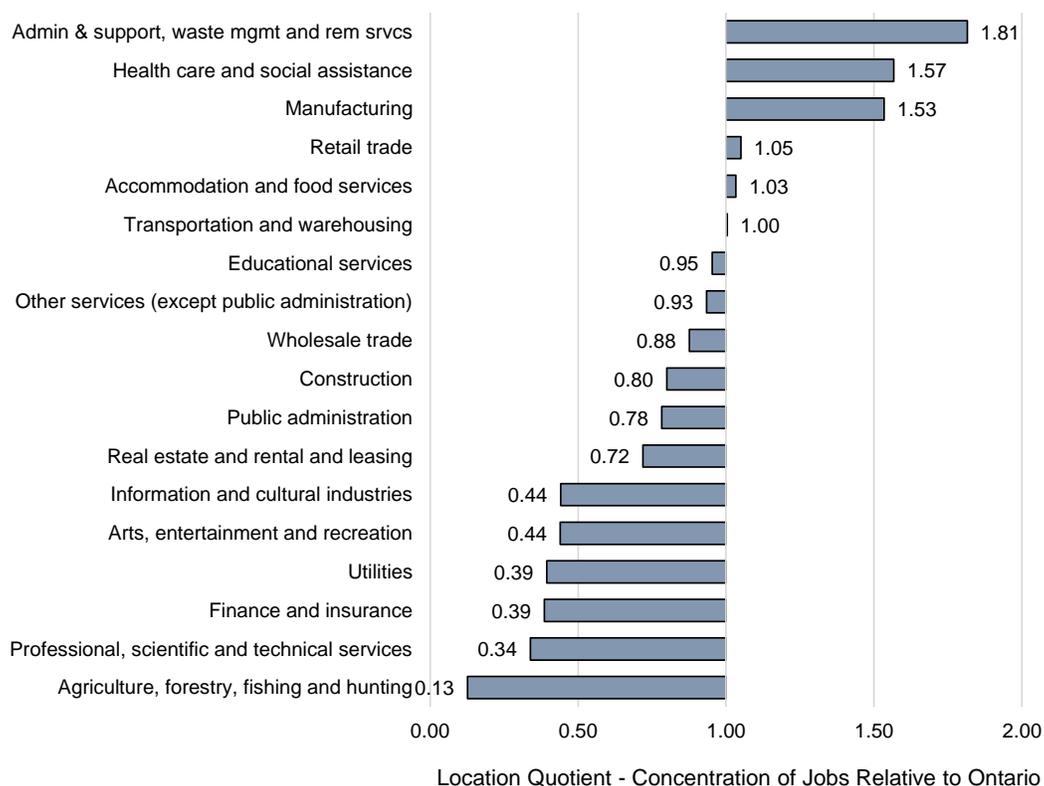
Figure 2-7 illustrates the strength of employment sectors in Belleville relative to the Province using Location Quotients (L.Q.), size (based on employment), and recent growth trends.^[1] As shown, Belleville has a relatively high employment concentration in administration and support uses, health care and social assistance, transportation and

^[1]An L.Q. of 1.0 identifies that the concentration of employment by sector is consistent with the broader employment base average. An L.Q. of greater than 1.0 identifies that the concentration of employment in a given employment sector is higher than the broader base average, which suggests a relatively high concentration of a particular employment sector or “cluster.”



warehousing, manufacturing, retail trade, accommodation, and food services. The City's location along the Highway 401 corridor and local cost-competitive environment will continue to make the City an attractive location for investment. In contrast, certain emerging "knowledge-based" clusters, including professional and technical services, information and cultural industries, finance, and insurance, as well as professional, scientific, and technical services are less concentrated and are typically geared more toward larger urban population centres. Sectors like construction and education services have a lower concentration but have experienced moderate to strong employment growth in the last 10 years. For the City's local economic base to grow and diversify, effort will be required to continue to retain and attract skilled and unskilled working-age residents to the City.

Figure 2-7
City of Belleville
Location Quotient, 2023



Note: The L.Q. of the management of companies and enterprises industry and mining, quarrying, and oil and gas and extraction industry is 0 and not shown in the figure.

Source: Derived from Lightcast data by Watson & Associates Economists Ltd., 2024.



2.7 Observations

Ontario's economic base, as measured through G.D.P. output and labour, is shifting from the goods-producing sector (i.e. manufacturing and primary resources) to service-producing sectors. While the manufacturing sector remains vital to the economy, the nature of manufacturing processes in North America has increasingly become more capital/technology intensive with the growing focus on automation with relatively lower labour requirements.

While the regional economy has sharply recovered since the peak of the pandemic, COVID-19 has had a major impact on economic conditions on a global scale, which has the potential to create economic headwinds for the national and regional economy over the next year to 18 months. Despite these near-term economic headwinds, the long-term economic outlook for the City as well as the surrounding region remains positive. In addition to its local and broader impacts on the economy, COVID-19 has accelerated changes in work and commerce as a result of technological disruptions that were already in play before the pandemic. These technological disruptions have contributed to accelerated labour force growth, most notably within knowledge-based sectors, within Belleville and the surrounding economic region over the past few years.

Although there will continue to be a manufacturing focus in Ontario, and more specifically in the Belleville-Quinte West C.M.A., 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 capital/technology intensive. These types of opportunities are typically associated with skilled and higher-paying jobs.

The population and employment growth potential of the C.M.A., including the City, is closely tied to the economic potential of the broader region. Regional economic growth and associated job creation represent key drivers of both local population and employment growth across the City. As such, continued efforts are needed to raise the economic profile of Belleville by leveraging the economic opportunities and strengths of the regional economy. One key method of achieving this is through the development and marketing of the City's employment lands.



Chapter 3

Employment Area Requirements and Target Sector Analysis



3. Employment Area Requirements and Target Sector Analysis

This chapter identifies the key target sectors for the City of Belleville’s Northeast Employment Area, along with other designated employment lands. These target sectors are identified based on an assessment of existing conditions and opportunities in the local employment land profile, as well as an understanding of evolving economic trends in surrounding regions. By strategically aligning with the broader regional market, Belleville aims to optimize its capacity to attract suitable businesses and employment opportunities. Additionally, this chapter offers a concise examination of the specific site requirements essential for accommodating these selected industries, encompassing factors like location, layout, and surrounding environment.

While this chapter’s focus is regarding target industry sectors, it is also important to understand the relationship with labour attraction. Attracting businesses within target employment sectors is vital for fostering economic growth and creating sustainable job opportunities. By aligning business attraction strategies with key sectors, Belleville can cultivate a robust economy tailored to its strengths and market demands. However, attracting businesses is only part of the equation. To ensure long-term success, Belleville must also be an attractive place to live, offering quality housing, amenities, and a vibrant community. Additionally, maintaining a skilled labour force is crucial. This could mean investing in education and training programs that align with the needs of these industries, ensuring a steady supply of qualified workers. By balancing business attraction with quality of life and workforce development, Belleville can build a thriving, resilient economy.

3.1 General Characteristics of Employment Areas

Employment lands (also known as industrial lands) typically include a broad range of designated lands, including light, medium, and heavy industrial lands, business parks, and rural industrial lands. Employment lands accommodate primarily export-based employment, including a wide range of industrial uses (e.g. manufacturing, distribution/logistics, transportation services), as well as specific commercial uses (e.g. office, service, ancillary/accessory retail) which generally support the industrial/ business function of the Employment Areas. Some of the characteristics of Employment Areas are listed below:



- Employment Areas require good access to regional transportation networks, on-site infrastructure including roadways and utilities, and available, zoned, shovel-ready lands.
- Employment Areas are typically located on flat to slightly rolling topography in areas with minimal environmental issues.
- Roadways within Employment Areas 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-user's 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 within Employment Areas have varying site-specific requirements. To be successful in attracting a broad range of employment sectors, it is recommended that available vacant lands and any future Employment Areas in the City provide the corresponding industry requirements. The specific attributes that are required for an Employment Area to be successful are largely based on the intended function and designations. Section 3.2 of this report provides further analysis regarding these key target sectors.

Based on a broader desktop review of key employment designations throughout Ontario and other cities across Canada and the U.S., employment lands can be classified into the following five types (Detailed characteristics of these areas are provided in Appendix A):

- **Goods Movement Districts** – These include areas that focus on the transportation and logistics sector, including containerization of goods, globalization of supply chains, and a shift to supply chain management and just-in-time logistics. There is a greater integration of intermodal terminals and logistics hubs, whereby lands surrounding the intermodal facility accommodate a range of transportation/ logistics, warehousing, distribution centers, and ancillary facilities. These areas are removed from residential and major retail uses.
- **Heavy Industrial Areas** – Areas that typically support heavy industrial uses that require larger buffers from other land uses to minimize incompatibility. These typically support resource extraction and other heavy manufacturing uses.



- **General Industrial Areas** – These areas support a more diverse industrial base including manufacturing, logistics, service industrial, etc., and are located away from major retail and residential uses.
- **Prestige Industrial / Employment Areas** – These areas support knowledge-based industries and some light industrial uses. Some goods movement uses that are a part of the main operations are also permitted. These areas have greater visibility and exposure from the key transportation routes and require urban design guidelines. Employment-supportive uses and office uses are permitted.^[1]
- **Innovation or Research and Development Parks** – These areas represent communities of innovation that link industry with government and academia. These parks are typically developed in partnership with key stakeholders such as municipal, provincial, and federal governments, affiliated universities, and economic development agencies.

Specifically for the City of Belleville, based on section 3.12 of the O.P. (April 2023 consolidation), the Employment Lands designation is divided into General and Service Industrial uses. General industrial uses may be large or small scale and may or may not be in enclosed buildings and are usually incompatible with non-industrial uses. Service industrial uses are generally located within enclosed buildings with limited outdoor storage and do not produce levels of noise, dust, or odours characteristic of general industrial uses which can be detected off-site. According to the policies of the O.P., uses permitted in areas designated Employment land use include:

- Activities associated with the manufacturing, assembling, fabricating, packaging, or processing of goods and services, including transportation/truck terminals, warehouses, railway uses, and other similar uses.
- Other compatible uses such as commercial uses accessory to industrial uses, commercial uses which primarily serve the industrial area, wholesale establishments, office uses, equipment rental uses, data processing establishments, other quasi-industrial, service or business uses such as

^[1] It is noted that in certain industrial areas, current policies allow stand-alone office uses. However, under the 2023 P.P.S. and Planning Act, such uses are removed from definition of Employment Areas.



automotive services uses and utility or service companies, training facilities, and commercial uses which require large sites for storage are permitted.

3.2 Key Industrial Sectors / Clusters in the Regional Economy Surrounding the City

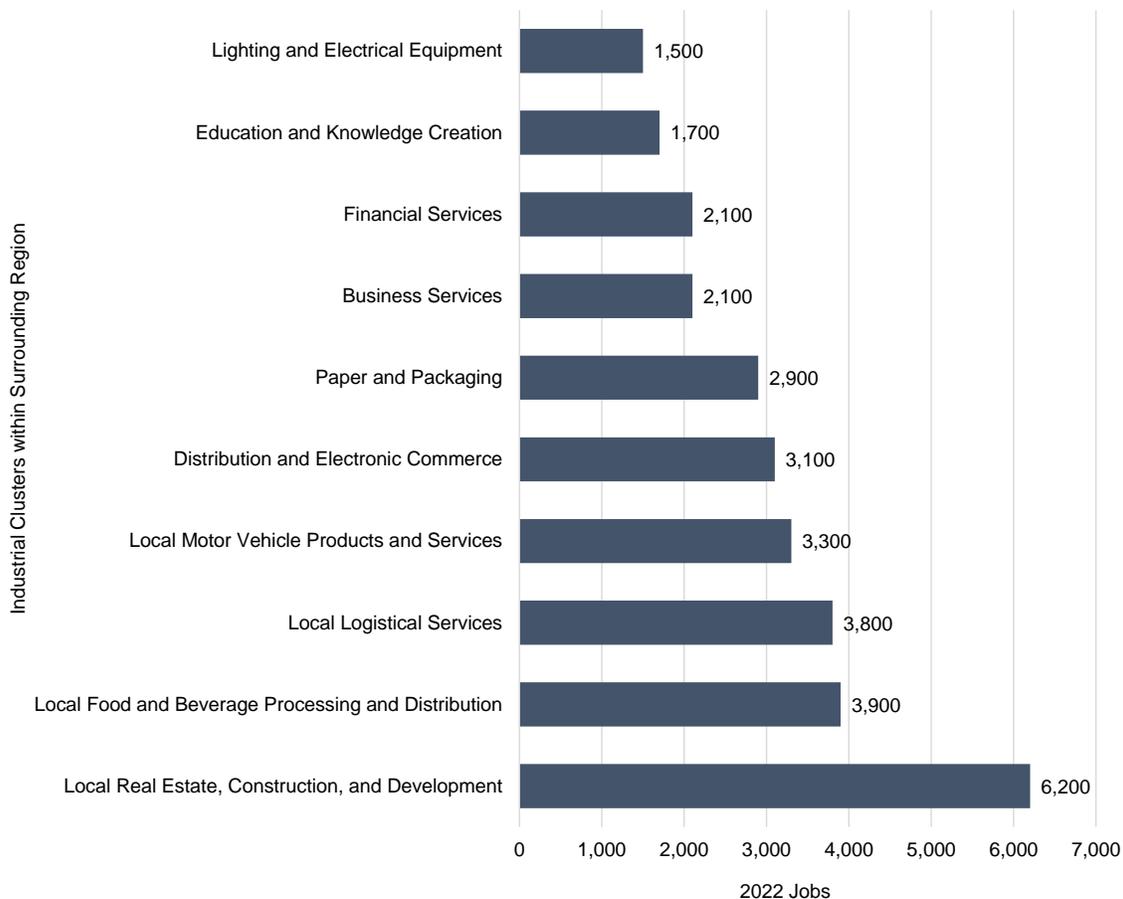
The City of Belleville’s long-term population and employment growth potential is largely tied to employment opportunities with the surrounding market area (i.e. commuter-shed). The employment base can be grouped into two broad categories – export-based sectors and community service-based sectors. The latter primarily refers to the local population serving employment. Export-based sectors are comprised of geographically clustered industries that produce goods or services that reach markets outside the community such as manufacturing, research, and development, as well as other knowledge-based industries. Ultimately, aggregate regional economic performance (as measured through labour force growth and/or economic output) is determined in large measure by the competitiveness of the industry clusters that exist within the economic region.

Figure 3-1 illustrates the largest traded employment clusters (as measured by employment) (as of 2022) within the regional economy surrounding the City of Belleville.^[1] As demonstrated, the surrounding market area has a robust economy that includes several traded employment clusters, most notably construction, logistical services, automotive, as well as production and technology. Many of these industry clusters are typically accommodated in Employment Areas (i.e. industrial areas).

^[1] Traded Sectors are industries that sell their goods and services to customers outside of the region where they are located.



Figure 3-1
Largest Traded Employment Clusters



Source: Derived from Statistics Canada, The Canadian Cluster Map Portal, 2023 by Watson & Associates Economists Ltd.

3.3 City of Belleville – Target Industries

3.3.1 Established Industrial Sectors

An assessment of L.Q.s was utilized to review and identify the relative strengths of industry clusters in the City of Belleville. Section 2.6.1 illustrates the strength of employment sectors in the City relative to the Province. As discussed, the City's economy is largely oriented toward administration and support, healthcare and social administration, transportation and warehousing, manufacturing, and wholesale trade. Figure 3-2 includes images of some of the existing established industries in Belleville.



Figure 3-2
Images Showing Examples of Established Manufacturing Industries in Belleville



Upon a more detailed review of the L.Q.s, the following industrial sectors have been identified as established clusters for the City of Belleville:

- Manufacturing (food and beverage manufacturing, textile product mills, paper manufacturing, plastics and rubber products manufacturing, transportation equipment manufacturing, and miscellaneous manufacturing);
- Wholesale trade (petroleum and products, personal and household goods, building material and supplies merchant wholesalers, motor vehicle and parts dealers); and
- Transportation and warehousing (including rail transportation, and pipeline transportation).

The above sectors were broadly considered in identifying the target sectors and industries for Belleville's employment lands.

3.3.2 Local Strategic Advantages

The City has a diverse mix of established general industrial and service industrial uses within its existing Employment Areas. Larger Industrial areas with access to Highway 401 have more general industrial-type uses (such as manufacturing, and logistics), while lands that are closer to residential areas include a mix of commercial, service



industrial, and in some cases, institutional uses. Further details on available vacant employment land supply within the City have been provided in Chapter 4.

For the City of Belleville, there are certain locational and strategic advantages which would in turn lead to a higher rate of attraction of industries in the City's Employment areas. Some of these are listed below:

- Strategic Location – Access to Highway 401 and major rail routes connecting the City with both large Canadian and U.S. markets. The City also has access to the 8 Wing Canadian Forces Base at Trenton and the Picton marine shipping terminal.
- Access to skilled labour force from colleges and universities within the City and the surrounding areas. The Loyalist College located in Belleville is recognized as one of the leading research colleges in Canada.
- Availability of communications infrastructure – The City has an extensive network of fiber optic and high-quality, large bandwidth internet service. The Bell fibre-to-the-home program has been implemented and is almost complete.¹ Furthermore, the Government of Ontario has committed to improving high-speed internet services to residents and businesses in the Quinte area.²

3.3.3 Emerging Industrial Sectors and Support Services

In addition to established sectors, certain employment sectors can be considered as emerging clusters for the City of Belleville. These sectors have been considered in the target sector analysis as well. As discussed in Chapter 2, sectors such as health care and social assistance, transportation and warehousing, manufacturing, wholesale trade, construction, and professional, scientific, and technical services, have shown high growth in employment over the last decade. Specifically, based on a detailed assessment of Census data 2016 and 2021 data, sectors such as Food manufacturing, Paper manufacturing, Health and personal care stores, Professional, scientific, and technical services, and health care have shown increasing employment growth. These sectors can be considered as emerging sectors within the City of Belleville.

Furthermore, the City has a presence of higher degree educational institutes, access to a skilled labour force, availability of transit, and enhanced communication infrastructure.

¹ <https://www.belleville.ca/en/do-business/the-belleville-advantage.aspx>

² <https://www.belleville.ca/en/do-business/infrastructure.aspx>



These factors promote the viability of siting knowledge-based sectors within the City, which have been included in the target sector assessment.

In addition to the above target industrial sectors, support services like food and accommodation services and other employment-supportive uses also form an integral part of the City's recommended target sectors on employment lands as well as areas of employment outside of Employment Areas. Examples of some employment supportive uses are shown in Figure 3-3.

Figure 3-3

Images Showing Examples of Employment Supportive Uses / Service Uses in Belleville



The growth of these broad employment sectors will ultimately depend on the evolving nature of macro-economic trends (i.e. trends in domestic manufacturing, etc.), the impacts of government stimulus and initiatives (i.e. clean technology and green energy solutions), as well as the competitive forces which influence the ongoing success of the industry within the broader region. It is important to note that based on the revised definition of employment areas, the employment-supportive uses that form a part of Employment Areas, should be directly associated with the primary employment use listed above. Other forms of retail and institutional uses that are not related to employment uses would not be a part of the Employment Area.

3.4 Target Sector Requirements

Drawing upon the considerations outlined in the preceding sections, the key target sectors for the designated urban Employment Areas in the City are explored in detail in Figure 3-5 and are summarized below:

- Manufacturing/Advanced Manufacturing
- Professional, Scientific, and Technical Services/Business Services



- Transportation and Warehousing / Logistics
- Wholesale/commercial uses
- Research and Development/“Knowledge-based” Sectors
- Agri-Business and food manufacturing

Location criteria for industries can significantly differ both regionally and locally, contingent upon the specific needs of each sector. The positioning of industries is also influenced by the extent of required services. For instance, while construction industries might not require serviced areas, manufacturing, advanced manufacturing, or food production sectors rely heavily on water and wastewater services for their functionality. Hence, the choice of location is also tied to the operational necessities of each industry.

It is important that the City continue to also provide opportunities for operations to be located on dry employment lands. According to Belleville Zoning By-Law 6.15, uses of a dry nature include industries in which water is not necessary in the manufacturing, processing and/or fabrication of goods and materials, or those in which water is not necessary to provide a service or goods to the client group. Currently, the City’s O.P. provides opportunities for dry industrial uses to be located in employment areas. Based on Section 3.1.2 (d), dry industrial uses (i.e. trucking depots or storage yards, recycling uses, and contractor’s yards) are permitted on Employment lands, however, are limited to areas that are not serviced yet and not planned to be serviced in the near future. Some images of existing dry industrial uses in Belleville (such as trailer dealer / roofing company) are shown in Figure 3-4.

In some cases, where a City cannot provide an adequate amount of dry employment lands, there is the risk that industries with low employment yields (such as truck parking or lay-down yards) locate within rural areas or absorb prime urban employment land. Preserving serviced employment lands for industries that generate greater employment yields should be a key objective of the City’s employment lands strategy moving forward.



Figure 3-4
Images showing Examples of Dry Industrial Uses in Belleville



Employment sectors typically situated in industrial areas have varying site-specific requirements. Based on this analysis, the ability of current and future employment lands in Belleville to support the target employment sectors was considered based on the following criteria:

- Locational requirements (i.e., type of industrial designation);
- Range of parcel sizes needed;
- Transportation access (route from a highway, proximity to the 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.)

To be successful in attracting a broad range of employment sectors, it is recommended that the City's employment lands provide the corresponding attributes summarized in Figure 3-5.



**Figure 3-5
Target Employment Sectors Profile for City of Belleville Employment Lands**

Possible / Target Sectors	Parcel Size Range (Ha)	Considerations / Target Sector Requirements
Manufacturing / Advanced Manufacturing	0 – 20+	<ul style="list-style-type: none"> • Can be present in multiple parcel size categories – area will depend on type and scale of operations (larger or multiple operations / multi-tenant buildings can require more than 20 ha) • Access to Highway 401 / Controlled series highways • Proximity to markets and related industries • High building coverage and on-site employment density • Range of building types, including small, large single-tenant and multi-tenant buildings • Access to skilled and unskilled labour • Loading/unloading areas • Expansion potential • Buffers from surrounding non-industrial uses. • Emphasis on integrated operations (logistics and office), landscaping and enclosed storage
Professional, Scientific, and Technical Services/Business Services	0 – 4	<ul style="list-style-type: none"> • Proximity to transit or within walkable environments • Access to a skilled labour force • Prestige Setting • Storefront entrance for the general public • High building coverage and on-site employment density • Small multi-tenant and flex office space • Amenities like street lighting
Transportation and Warehousing / Logistics	5 – 20+	<ul style="list-style-type: none"> • Site area will be dependent on the type and scale of business (larger operations can require more than 20 ha) • Direct Access from 401 • Proximity to market Expansion Potential • Storage Access • Access to markets • Loading/unloading area
Wholesale/commercial uses	1 – 4	<ul style="list-style-type: none"> • High traffic exposure from major roads and surrounding employment and commercial uses. • Access to skilled and semi-skilled labour force. • Surrounding a customer/market base. • Loading/unloading and storage requirements
Research and Development / Knowledge-Based Industries	1 – 2	<ul style="list-style-type: none"> • Proximity to transit or within walkable environments • Access to a skilled labour force • Access to on-site amenities and proximity to off-site services • Prestige Setting • Space for manufacturing/research as well as multi-tenant or flex office space • High building coverage and on-site employment density
Agri Businesses and Food Manufacturing	1 – 4+	<ul style="list-style-type: none"> • General or Light Industrial Setting • Access to highways and multi-modal facilities • Access to warehousing, markets, and distribution centers



Possible / Target Sectors	Parcel Size Range (Ha)	Considerations / Target Sector Requirements
		<ul style="list-style-type: none">• Access to both skilled and semi-skilled labour force• Access to upstream & downstream industries• Storage space for material and equipment• Loading/unloading requirements

Source: Watson & Associates Economists Ltd., 2024.

3.5 Observations

The City faces several opportunities and challenges concerning the management and growth of its existing and future Employment Areas in light of the evolving structural changes in the economy and disruptive factors that continue to influence the nature of the economy. One of these challenges relates to macro-economic trends over which the City has limited control. This includes the relative strength of the global economy, international trade policy, and the competitiveness of the Canadian economic base relative to other established and emerging global markets.

In contrast to the above, Belleville has considerable control and ability to position itself positively when considering the City’s regional competitive ranking. A major factor for the future competitiveness of the City’s economic base relates to the structure, quality, and “readiness” of its employment lands. Local infrastructure improvements and initiatives such as the ongoing Manufacturing Business Retention are expected to encourage industrial development in the City.^[1] Chapters 4 and 5 further explore how the City can continue to develop and promote existing and future employment lands, through initiatives such as the Belleville Community Improvement Plan (C.I.P.).

Over the next several decades the City’s employment base is anticipated to steadily grow across a broad range of export-based and population-serving employment sectors – growth within knowledge-based sectors will be an attraction effort for the City. The City, however, will be competing to attract and retain these sectors with other municipalities across the Belleville-Quinte West C.M.A. and beyond. To accommodate the steadily growing economic base the City’s land-use planning policies must anticipate the evolving nature of the local and regional economies and reflect the diverse needs of industry and businesses of all sizes over the long term. To ensure the

[1] <https://www.belleville.ca/en/city-hall/business-retention-and-expansion.aspx>



long-term competitiveness, growth, and diversity of the City's economy, planning, and marketing efforts must be geared toward the broader strengths of the City and its communities, specific target sector investment attraction efforts, and an adequate supply of quality, shovel-ready employment lands.

Attracting businesses within target employment sectors is crucial for fostering economic growth and sustainability in any region. By focusing on industries that align with Belleville's strengths and resources, the city can create high-quality job opportunities, drive innovation, and enhance its overall economic resilience. However, it's equally important to ensure that Belleville is an attractive place to live and stay, offering a high quality of life, affordable housing, and vibrant community amenities. Additionally, cultivating a pool of skilled workers is essential for supporting these industries, as a well-trained and diverse workforce is a key factor in attracting and retaining businesses. This holistic approach not only strengthens the local economy but also ensures long-term community vitality and prosperity.



Chapter 4

Employment Land Supply and Land Needs Analysis



4. Employment Land Supply and Land Needs Analysis

This chapter provides an urban Employment Area land needs analysis for the City of Belleville to 2051. This analysis explores both forecast employment demand for the City as well as provides a comprehensive inventory of existing vacant developable employment land supply within the City of Belleville. The Consultant Team has worked collaboratively with City staff to develop this updated employment land supply using geographic information systems (G.I.S.) mapping software. The findings of this chapter include an analysis of developed and vacant employment land by location.

4.1 Vacant Urban Designated Employment Lands

Belleville's vacant employment land inventory was initially developed using GIS-based mapping software, incorporating a variety of overlays including O.P. designation layers. To refine this inventory further, the Consultant Team worked collectively with City staff to undertake several updates. Parcels that are under active development were excluded to ensure that only the remaining vacant component of the land supply was considered. Based on this, a total of 265 hectares of gross vacant employment lands were identified.

To refine this vacant component of the land supply further, environmental features and non-developable lands, such as wetlands, were excluded. Further to this, the Consultant Team worked collaboratively with City staff to refine the vacant employment land supply further, to ensure that it captures lands that are perceived as potentially development-ready within the 2051 planning horizon. This refinement exercise addressed specific development constraints such as:

Incorrect Classification or Misuse:

- Lands initially captured as vacant that have existing structures or uses such as communications towers, offices, parking lots, or vehicle impounds, including properties that are underutilized or primarily used for open storage.

Environmental and Regulatory Constraints:

- Adjustments made due to environmental factors like wetlands, or regulatory constraints such as access limitations imposed by highway frontage or railway infrastructure.

Utility and Service Limitations:



- Areas affected by limitations in essential services like water and sanitary systems, including specific infrastructural constraints such as water mains below tracks or preliminary sanitary connections.

Ownership and Economic Factors:

- Lands where there is low interest from owners in selling or developing, or plots specifically developed for lease, affecting their availability and potential use.

Proximity to Sensitive Areas:

- Parcels removed due to their proximity to existing residential areas or because they already feature critical infrastructure like hydro/rail corridors.

Development Complexity:

- Parcels facing complex development scenarios due to significant infrastructure expansion requirements, such as extensive upgrades to water and/or wastewater systems to support development.

Parcel Size and Accessibility:

- Smaller parcels that are landlocked, lacking necessary access for development, or being used for other permanent uses.

The sites that have not been considered development-ready, and accordingly removed from the available 2051 supply, will require further assessment from the City. Some of these lands may become more viable in the coming years and no immediate action will be required. Other lands with larger long-term barriers to overcome, may require a further examination from an O.P. designation/zoning perspective.

The final result of the above changes are captured in Figure 4-2, which displays a map of Belleville's employment land supply, as of mid-2024, into three categories: developed, underutilized, and vacant. The Developed category totals 135 gross hectares (ha), or 26% of the City's developable land. Underutilized lands, which may have the potential for greater or different types of development, make up gross 165 ha, or 31% of the total (subsection 4.3 explores the underutilized category further). The Vacant lands, which are unoccupied and represent development opportunities, constitute the largest category at 223 gross ha, amounting to 43% of the developable land.

Figure 4-3 breaks down the vacant component of the land supply further between the total vacant land area, gross developable vacant land area (excluding non-developable features such as wetlands), and net land area. The net land area is then further adjusted downward to account for internal infrastructure requirements associated with



larger parcels, such as internal roads and stormwater management ponds. Accordingly, the net vacant employment land area for Belleville is estimated at 178 ha.

Figure 4-1
Total Gross And Gross Developable Area Comparison By Status

Utilization	Gross Area (ha)	Gross Developable Area (ha)	Percentage Developable
Developed	142	135	95%
Underutilized	165	165	100%
Vacant	265	223	84%
Total	572	524	92%

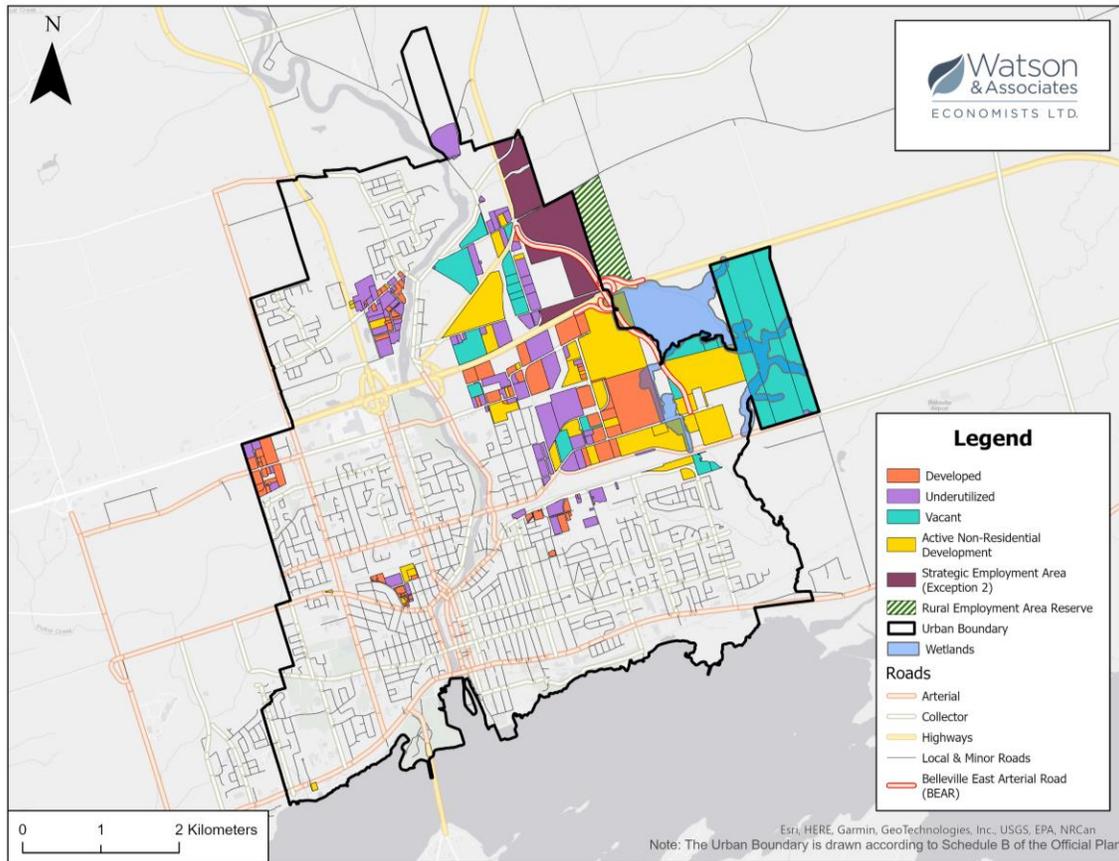
Source: Watson & Associates Economists Ltd, 2024.

Note: Percentages may not add due to rounding.

The above metrics do not account for Belleville’s delineated Strategic Employment Area. These lands represent a strategic location for future employment land development within the City. They are currently located within the urban boundary but the development of these lands is not anticipated within the short- to medium-term due to the need for municipal road, water, and wastewater infrastructure being required at the site. The Belleville East Arterial Road (BEAR), as identified in Figure 4-2, would be a key piece of infrastructure that the City still needs to develop to be able to facilitate the development of the Strategic Employment Area. According to Section 3.1.3. of the City of Belleville O.P., the Strategic Employment Area is not expected to be available for development before 2038, unless the BEAR can be built sooner. While these Strategic Employment Area lands are not considered as part of the current vacant supply, they could potentially be made available for development within the 2051 planning horizon, if required. Further to this, the Rural Employment Area Reserve (as shown in Figure 4-2) are lands that could be strategically important for the City but they would require an urban boundary expansion to accommodate development and would likely not be developed within the planning horizon. Section 3.3.6 of the City of Belleville O.P. defines the Rural Employment Area Reserve as “lands outside the Urban Boundary for which there are no plans for development during the life of this Plan but could represent a logical future extension of fully serviced employment lands. [These lands are] largely undeveloped or under-developed, primarily consisting of rural and rural residential uses, and is currently serviced by private water and sewage disposal systems.”



Figure 4-2
City of Belleville Employment Land Supply



Source: Watson & Associates Economists Ltd, 2024.

Figure 4-3
City of Belleville Employment Land Supply

	Hectares
Gross Total Vacant Land Supply	265
Gross Developable Vacant Land Supply (Adjusted for Takeouts)	223
Total Net Developable ¹	178

¹ A downward adjust of 25% of the gross area (after environmental take outs) has been applied to account for internal infrastructure on parcels greater than 10 acres (4 hectares) in size.

Source: Watson & Associates Economists Ltd., 2024.



4.2 Vacant Employment Lands by Ownership

Figure 4-4 presents the distribution of Belleville’s vacant employment lands by ownership and Figure 4-5 provides a map that displays their location across the City. The distinction between municipally-owned and privately-owned employment lands is important due to the high costs associated with developing employment lands outside of major employment markets, often leading to the public sector being the predominant supplier. To ensure that the City has a sufficient supply of vacant employment land to accommodate long-term vacant supply, it will be vital that the City continues to function as the primary provider/developer of employment land in Belleville.

As noted previously, the total vacant employment lands in Belleville amount to 223 hectares, which has been refined to consider environmental factors that might reduce the overall developable area. Of this total, City-owned land comprises the majority, representing 158 hectares or 71% of the land. In contrast, privately-owned lands constitute 65 hectares or 29%, indicating a smaller yet notable share of the developable land within the City.

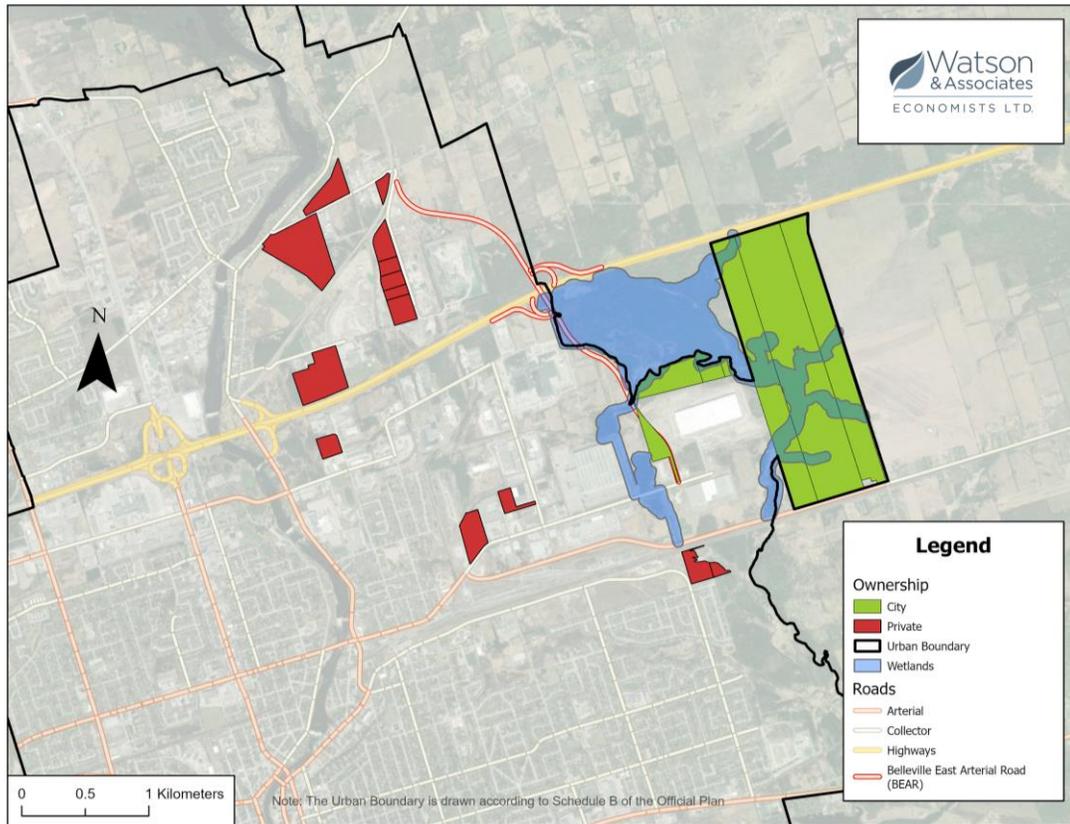
Figure 4-4
City of Belleville Vacant Employment Lands by Ownership

Ownership	Gross Developable Land (ha)	Share (%)
City	158	71%
Private	65	29%
Total	223	100%

Source: City of Belleville G.I.S. land supply data, derived by Watson & Associates Economists Ltd., 2024.



Figure 4-5
City of Belleville Vacant Employment Land Supply by Ownership



Source: Watson & Associates Economists Ltd, 2024.

Figure 4-6 presents a summary of Belleville’s vacant employment land parcels categorized by size and ownership, in relation to their overall share and developable land area. The data indicates the following insights:

- There are four parcels ranging in size from 1 to 2 hectares, accounting for 20% of the total parcel count, yet they represent only 3% of the area;
- The 2-to-5-hectare parcels are the most numerous, with seven parcels making up 35% of the total count and 10% of the land area;
- There are only two parcels sized between 5 to 10 hectares, comprising 10% of the parcel count and covering 5% of the total area;
- seven larger parcels are over 10 hectares in size and they comprise a significant component (82%) of the City’s total vacant employment land area; and
- While City ownership is substantial in terms of area, privately owned parcels are more numerous as they are smaller in size on average.

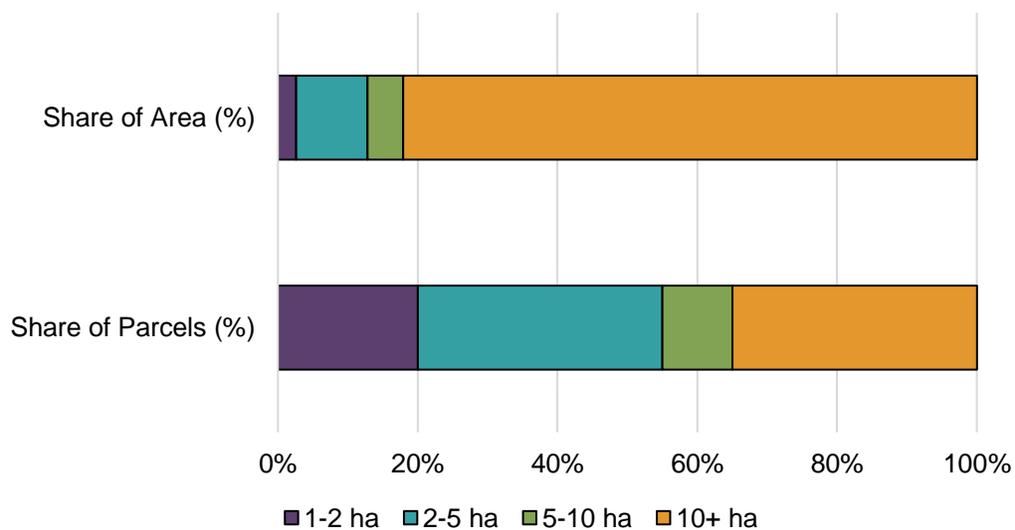


Figure 4-6
Belleville Vacant Industrial Lands by Parcel Size

Parcel Size (ha)	Parcels (#)	Share of Parcels (%)	Area (ha)	Share of Area (%)
1-2 ha	4	20%	6	3%
2-5 ha	7	35%	23	10%
5-10 ha	2	10%	11	5%
10+ ha	7	35%	183	82%
Total	20	100%	223	100%
City Owned	6	30%	158	71%
Privately Owned	14	70%	65	29%

Source: Watson & Associates Economists Ltd., 2024.
Note: Percentages may not add due to rounding.

Figure 4-7
Belleville Share of Vacant Employment Area Lands by Parcel Size and Area



Source: Watson & Associates Economists Ltd., 2024.
Note: Percentages may not add due to rounding.



4.3 Underutilized Employment Lands

Given the large number of established industrial areas in Belleville, a wide array of opportunities exists for intensification. Intensification can take on several forms, including the development of underutilized lots (infill), expansion (horizontal or vertical) of existing buildings, and redevelopment of occupied sites. Intensification offers the potential to accommodate future employment growth and achieve improved land utilization resulting in higher employment density in existing Employment Areas. Higher land utilization on existing employment lands can also lead to more effective use of existing infrastructure (e.g. roads, water/sewer servicing), a built form that is more conducive to supporting public transit, resulting in communities that are more functional and complete.

Identifying and evaluating intensification opportunities against market demand is challenging. The intensification potential of underutilized industrial lands will largely be determined by future development plans of existing or future landowners, which is highly speculative. The timing and the potential amount of intensification on employment lands is based on a variety of market-driven conditions. Potential redevelopment or development of sites needs to be evaluated in terms of economic viability and marketability with respect to market demand. Between 2013 and 2022, the City saw just over 80% of its industrial permit values in additions/expansions, which speaks to the intensification opportunities that still exist across the City as well as the historical lack of municipal-wide available and serviced vacant land opportunities for immediate or near-term development for new businesses. Generally speaking, infill and redevelopment of existing developed lands is expected to decrease over time within the City with increased utilization of existing occupied sites and as more vacant lands become available – particularly within the Northeast Employment Area. Accordingly, a 15% intensification target has been identified for this analysis. Assuming that growth will occur through intensification, reducing the amount of forecast demand on the City's *vacant* Employment Area lands.

4.4 Employment Land Demand, 2024 to 2051

The following subsection compares forecast demand between 2024 and 2051 against the employment land supply previously identified. Anticipated Employment Area land demand within the City of Belleville also considers the following:



- Long-term employment land employment growth potential for the City examined within the context of regional economic trends;
- Forecast employment density assumptions (i.e. employees/net hectare or acre) in Employment Areas;
- Historical trends in forecast Employment Area absorption; and
- Near-term versus longer-term employment land absorption trends given the amount of vacant, developable shovel-ready land and serviceable lands within Employment Areas across the City of Belleville.

Figure 4-8 summarizes the City of Belleville’s Employment Area forecast from 2024 to 2051. The forecast provided herein is derived from the High Growth Scenario in the Prince Edward County/Hastings County Region Regional Growth Analysis Study (July 7, 2023), conducted by Watson & Associates.^[1] The High Scenario was selected to test the upper threshold for employment land development in Belleville. As previously noted in Chapter 1, the proposed Provincial Planning Statement (P.P.S.), 2024, allows municipalities to plan for urban employment lands beyond the 30-year planning horizon to ensure that sufficient lands are identified and reserved to accommodate employment land demand well beyond a 30-year period and/or to potentially accommodate a higher long-term economic growth trajectory if needed. Over the long-term planning horizon, Belleville Employment Areas are anticipated to accommodate approximately 47% of the City’s industrial, commercial, and institutional employment growth, totaling approximately 3,400 employees. Employment Areas within the City are expected to accommodate all (100%) of City-wide industrial employment growth, 15% of commercial employment growth, and a minor share of institutional employment growth at 5%.

Figure 4-8
City of Belleville Employment Growth on Employment Areas, 2024 to 2051

	Industrial	Commercial	Institutional	Total
Total Employment Growth	2,940	2,370	1,890	7,200
Employment Growth on Employment Lands	2,940	360	90	3,390
Share of Growth on Employment Lands	100%	15%	5%	47%

Source: Derived from the High Growth Scenario in the Prince Edward County/Hastings County Region Regional Growth Analysis Study, July 7, 2023. Adjusted forecast by Watson & Associates Economists Ltd., 2024.

^[1] The High Forecast in this report was provided at the Regional level and has been allocated by area municipality through this exercise.



4.5 City of Belleville Employment Land Needs, 2024 to 2051

As previously stated in section 4.4, the vacant employment land supply for the City of Belleville is estimated at 223 gross ha (551 gross acres). Building on this, some of the City's vacant employment land parcels will likely not develop over the planning horizon, due to small size, fragmentation, landowner willingness, odd configuration, access issues, inactivity/land banking, etc., which may tie up potentially developable lands. Long-term land vacancy is a common characteristic that is experienced in Employment Areas across Ontario. Accordingly, an estimate of 15% long-term land vacancy has been applied to the net developable employment land inventory. Adjusted for land vacancy, the City's long-term land supply is 190 gross ha (227 gross acres).

As noted earlier, a 15% employment intensification target has been assumed on employment lands. Assuming an average target density on employment lands of 17 jobs per gross ha (7 jobs per gross acre), the City of Belleville is forecast to generate a total land demand of 170 gross ha (420 gross acres) under the High Growth Scenario between 2024 and 2051.^[1] It is important to note that this demand forecast is not considerate of the impact that a potential large manufacturing operation would have on the City's demand for land. Across the globe, there is a demand for large industrial sites to accommodate expansive logistics or manufacturing operations. The impact such a site would have on Belleville's employment forecast would be considerable – accordingly, a revision to the demand forecast would be required at that time.

Figure 4-9 summarizes forecast employment land needs for the City of Belleville over the long-term planning horizon. In accordance with the City's supply of designated, developable vacant urban Employment lands and forecast demand for these lands, a surplus of 20 gross ha (49 gross acres) has been identified by 2051. While a surplus has been identified, several factors could reduce the City's near- and long-term Employment Area supply potential, such as lower employment densities, less intensification, additional land constraints as well as possible delays to servicing and development on the City's remaining vacant sites for various reasons. Accordingly, it is recommended that the City begin exploring the next possible location for Employment Area development beyond the Northeast Employment Area in the near future.

^[1] The assumption of 17 jobs per gross hectare was developed through a best practice review of similar municipalities in eastern Ontario.



Figure 4-9
City of Belleville
Forecast Employment Area Land Needs (Demand vs. Supply), 2024 to 2051

City of Belleville Employment Land Needs, 2024 to 2051		Land (gross ha)
Employment Growth on Employment Lands	A	3,390
Employment Growth on Employment Lands Less Intensification (15%)	$B = A * 85\%$	2,882
Employment Density (Jobs per gross ha)	C	17
Total Employment Land Demand (Gross ha)	$D = B / C$	170
Gross Developable Vacant Land Supply ¹	E	223
Less Land Vacancy Adjustment (15%) ²	$F = E * 85\%$	190
Employment Land Surplus by 2051	$G = F - D$	20

Source: Watson & Associates Economists Ltd., 2024.

¹ The metrics in this table represent the gross land area and gross jobs/ha densities, so no adjustments have been made to reflect a net land area.

² A land vacancy adjustment factor was applied to account for lands that may not develop during the planning horizon (to 2051) based on various factors such as parcel configuration or landowner willingness.

4.5.1 Critical Mass to Accommodate Employment Area Demand

As indicated in the previous subsection, Belleville is forecast to have a surplus of 20 hectares by 2051. As discussed in Chapter 1, the proposed P.P.S., 2024, allows municipalities to identify urban Employment Area land beyond the 30-year maximum requirement which is imposed for residential development. Considering this, Belleville may need to consider planning beyond this 2051 surplus by establishing a new Employment Area to ensure a competitive offering of Employment Area land and the protection of strategic lands over the long term. While Provincial policy allows the City to designate land beyond a 30-year planning horizon, these lands should still be phased in coordination with anticipated demand, servicing requirements, and financial viability.

As previously discussed, the outlook for industrial development in southwestern Ontario is positive and encouraging. Municipalities with a large supply of Employment Area lands situated along key Goods Movement corridors (i.e., 400-series highways) are in a favourable position to attract new and expanding industries. For Belleville to compete with other municipalities in Eastern Ontario, the Municipality may need to consider additional Employment Area lands along the Highway 401 corridor. Based on a review of Employment Areas elsewhere in Ontario, larger Employment Areas that offer the critical mass to support an industrial base with a range of small, mid-sized, and large employment opportunities, including logistics/warehousing and manufacturing uses are typically approximately 200 ha (approximately 500 acres) in size. Accordingly, as the City looks for its next urban Employment Area, consideration of a large Employment



Area with critical mass is an important concept when identifying financially feasible development opportunities that could ultimately be expanded to form a large, cohesive, and marketable urban industrial area. Municipal land development, however, requires extensive financial considerations related to market demand as well as potential exposure to financial and market risk. For these reasons, it is recommended that municipalities conduct a business case assessment when entering into the process of developing municipal industrial areas.

4.6 Observations

A long-term employment area demand forecast was developed to determine the City's employment land needs by 2051. The results of this study indicate that forecast demand for Employment Area lands has increased considerably relative to historical trends over the past decade. As noted previously, the High Growth Scenario in the 2023 Prince Edward County/Hastings County Region Regional Growth Analysis Study was used to assess the City's long-term employment growth potential. The High Scenario was selected to test the upper threshold for employment land development in Belleville and to ensure that there is a more than adequate supply of employment lands to accommodate this potential high growth trajectory over the long term. As shown in the previous subsection, a small employment land surplus of 20 gross ha (49 gross acres) is forecast for the City of Belleville under the High Growth Scenario.

The results of this analysis indicate that the City of Belleville does not have a significant surplus of employment lands to accommodate employment land development by 2051. Modest changes regarding the nature of future employment development such as lower employment density, increased average absorption levels, or unforeseen development or supply constraints could generate an employment lands deficit well before 2051. As such, it is important that the City continually monitor its supply of vacant employment land. Understanding trends in employment land development in terms of development type, site size, density, and total annual absorption will allow the City to proactively plan for its future employment land needs.

As previously noted, designating, servicing, developing, and constructing additional employment lands is a complex and slow process, which on average can require in the range of 15 years from the initial study stage to the time new industrial development is occupied and operational. Accordingly, it is recommended that the City begin exploring the next possible location for Employment Area development beyond the Northeast



Employment Area in the near future. As discussed previously, the Strategic Employment Area Reserve is an area that merits further analysis and exploration, especially within the context of the BEAR. If it is determined that these lands are not a viable option for development within the next two decades, the City should explore alternative options outside its existing urban boundary to facilitate future urban Employment Area growth – the Rural Employment Area Reserve is another location that the City can further assess.



Chapter 5

Public vs. Private Sectors Development Options Review



5. Public vs. Private Sectors Development Options Review

This chapter explores the feasibility of employment land development from both a public and private developer perspective. The price of land and shortage of available vacant lands in the eastern Greater Toronto Area (G.T.A.) has resulted in purchasers and investors looking further to Eastern Ontario, in municipalities such as Belleville. To ensure that the City can competitively market and sell its employment lands, it must ensure that it has a range of vacant parcel sizes and that its lands are appropriately priced. Having a range of well-priced, vacant land parcels will allow the City to more effectively attract target employment sectors and businesses to Belleville.

5.1 Public vs. Private Sectors Development Options Review

The City's future role and approach regarding future employment land assembly and development from both a public and private ownership perspective can vary. It is recognized that there are potential financial and economic benefits as well as risks of employment lands development under a full spectrum of ownership scenarios, ranging from full City involvement to public/private partnerships to full private sector development (i.e., return on investment, degree of development control regarding type and timing, market choice, marketing, project risks, and financial commitments). This is explored in more detail below.

5.1.1 Trends in Employment Land Development

In recent decades, most industrial/business parks in Ontario within municipalities outside of the G.T.A., and the City of Ottawa area have been municipally developed, whereas in the G.T.A., and Ottawa they have been privately developed in most cases. Examples of communities that have had active municipal land development include Barrie, Brantford, Cornwall, Kingston, London, and Peterborough. Similarly, the City of Belleville has a strong and successful history of municipal employment land development.

Relatively low land prices and slower rates of development activity in these communities compared to the G.T.A., create difficulties in attracting and sustaining private sector development of employment lands. The relatively low market price of serviced land creates conditions that limit private sector interest and involvement in land development



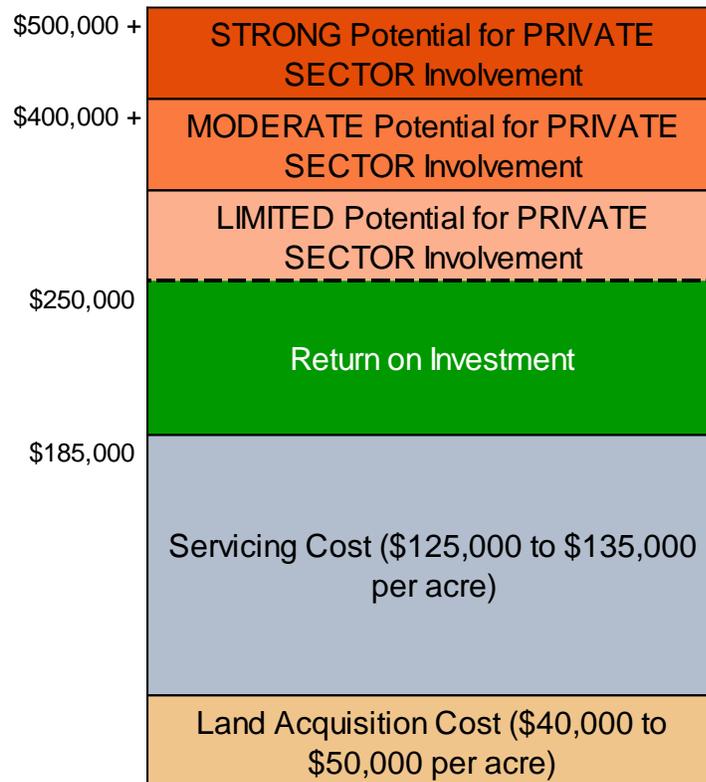
(i.e. the costs of servicing lands are too high relative to market prices of serviced land). Under such development conditions, the absence of the private sector necessitates municipal development of industrial/business parks. Accordingly, many municipalities take a proactive approach to the development of Employment Areas, investing municipal dollars to buy, subdivide, and fully service the land. Recouping municipally funded servicing costs (in full or in part) occurs through land sales to end users who then develop the parcels.

Figure 5-1 illustrates the cost components of servicing land, the potential return on investment, and the corresponding market price of land required to sustain the private-sector development market. As noted in the previous subsection, servicing land is a costly undertaking, typically averaging between \$125,000 and \$135,000 per acre.¹ Factoring in the cost of land acquisition (typically between \$40,000 and \$50,000 per acre), the total cost of serviced land can easily exceed \$185,000 per acre. To allow for a minimum return on investment, the market value of serviced land typically has to be more than \$250,000 to \$300,000. The potential for private-sector development above this point increases with the market value of serviced land.

¹ This price range could be larger considering various development circumstances.



Figure 5-1
Private Sector Employment Land Development Profitability Threshold



Source: Watson & Associates Economists Ltd., 2024.

The return on investment for the private sector is still not as positive as other communities in the G.T.A. and Ottawa, so there are likely still challenges for the private sector development of employment land in Belleville. The relatively high threshold point for the private sector is driven by the differing cost/benefit methods and expectations regarding return on investment. The private sector typically only includes the revenue of the sale of the serviced land in its return-on-investment analysis. This is unlike the City which factors in not only the revenue generated from the sale of the serviced land, but also the potential employment, tax assessment, and development charge revenue generated from the proposed development. This fundamental difference in approach can have a significant impact in terms of expected return on investment (revenue from the sale of serviced land less costs).



5.1.2 Evaluation of Employment Land Development Approaches in Belleville

While the estimated return on investment may not be feasible in most cases for private sector interests, there may be opportunities for private-public partnerships under certain conditions. For example, the City can continue to explore brownfield redevelopment opportunities through its Community Improvement Plan (C.I.P.) and Development Charge (D.C.) deferrals. As noted in Section A.3.2. of the City of Belleville Community Improvement Plan, 2021, an overall objective for the City is to offset the costs associated with site assessment and brownfield remediation for private industry. Brownfield remediation can represent a poor return on investment for the private sector, so it is a goal of the C.I.P. to help the private sector engage in brownfield redevelopment to accommodate additional industrial development in the City. As noted throughout the report, industrial development is a key component of a City's overall economic and quality of life potential. In addition to the C.I.P., the City can also utilize D.C. deferrals to help improve the financial viability of brownfield redevelopment for the private sector. It is also important to note that the City does not collect D.C.s for industrial projects as they are currently D.C. exempt.

An Employment Land Community Improvement Plan (C.I.P.) that offers tax incentives (tax increment equivalent grant) may provide an opportunity to support targeted employment growth, as well as direct growth to specific Employment Areas. A C.I.P. is a tool under section 28 of the *Planning Act*. The City of Sudbury for example, has implemented an employment land C.I.P. that seeks to spur employment land development that supports employment growth in targeted sectors, including life sciences and clean technology. Development is assessed on an evaluation basis, with points awarded based on number of jobs, the type of targeted sectors, as well as addressing environmental sustainability.^[1] Municipalities such as Quinte West and the Town of Halton Hills have also implemented C.I.P.s that focus on Employment Areas and intensification areas. For Halton Hills, the objective of the C.I.P. is to provide opportunities for a diversified economic base that supports a wide range of economic

[1] City of Sudbury Employment Lands Community Improvement Plan, City of Sudbury website.



activities, as well as expansion and redevelopment of existing Employment Area lands.^[1]

Outside of the above C.I.P. and D.C. initiatives, municipal development still offers many advantages for the City. Municipal development of employment lands tends to provide stronger control over the type and appearance of development that can be more consistent and supportive of a municipal strategy and other planning and urban design policy directions. This includes the ability to be more selective in the sale of land to end users, promoting the development of sectors or uses that are considered “desirable.” In Belleville, this may include the development of emerging target sectors and “incubator” industries.

Under municipal development, the control of project phasing/timing of industrial land sales can be based on municipal-wide needs as opposed to being market-driven and dependent on private-sector interests. In addition, municipally-sold lands can require that the purchaser build within a defined period, whereas in the private-sector market, no such requirements are in place. Through an agreement of purchase and sale of municipality-owned employment lands, it is suggested that the City may explore options that would require a developer to commence and/or complete construction on the land within a specified period after the closing date or the municipality may be permitted to buy the property back from the buyer minus a percentage from the purchase price. This period may vary based on the magnitude and type of construction, present status of servicing, etc.

Regardless of these opportunities outlined herein for potential private or public-private opportunities, it is expected that the City will need to remain the primary developer of industrial areas in Belleville. This requires the City, in conjunction with Realty and Property Services, to assess the value of the City’s industrial lands and appropriately price its municipally-owned lands.

5.2 Conclusions

The City of Belleville has a strong tradition of successful municipal industrial/business park development. Historically, employment land prices outside of the G.T.H.A. and

[1] Town of Halton Hills Community Improvement Plan, Invest Halton Hills webpage, 2022.



Ottawa have been too low to facilitate broad private sector development of employment lands requiring municipalities such as Belleville to act as the land developer. From a market demand perspective, the City will likely need to be involved in employment land development for the foreseeable future, though there may be opportunities to partner with external parties on select projects.



Chapter 6

Conclusions



6. Conclusions

Based on employment land values and the return on investment for the private sector, it is likely that the City will remain the primary developer of employment lands over the next several decades. Considering this, the City has to ensure that it has a range of vacant employment land parcels that can appropriately attract the target sectors identified in this report. Developing employment lands and attracting the appropriate industries is a vital component of the City's tax base and economic growth trajectory.

As noted throughout this report, the City of Belleville has a significant amount of vacant employment land, particularly in the Northeast Employment Area. Accordingly, the results of this land needs analysis suggest that the City is forecast to have a 20-hectare employment land surplus by 2051. Recognizing that the City has a small employment land surplus, which could become a shortfall over time if the City's remaining lands are not utilized to their greatest extent, it is important that the City of Belleville begin to explore both its existing supply of employment lands as well as opportunities for new employment land development now.^[1] The process of designating and servicing new Employment Areas is a time-intensive process. The City should begin this process now, as a short-term increase in employment land demand could quickly alter the City's land needs calculations to 2051.

It is also important to note that this demand forecast is not considerate of the impact that a potential large manufacturing operation would have on the City's demand for land. Across the globe, there is a demand for large industrial sites to accommodate expansive logistics or manufacturing operations. The impact such a site would have on Belleville's employment forecast and land needs would be considerable.

To remain competitive, and potentially facilitate these larger operations, the City must be able to offer a range of parcel sizes and configurations to ensure it can attract and accommodate a range of industries to the City over the next 30+ years. This can be locations outside of the urban boundary as well as other opportunities currently within the urban boundary. Part of this consideration is the concept of critical mass, to ensure that the City can provide feasible options to develop new or expanded Employment

^[1] The P.P.S., 2024, permits the designation of employment lands beyond the previous 30-year planning horizon.



Areas that are large enough in size and marketable to accommodate a range of parcel sizes and uses.

One primary location for the City to start exploring is the Strategic Employment Area. As discussed previously in this report, these lands represent a potentially viable location for the City's next serviced Employment Area. Further analysis needs to be conducted by the City to better understand how the BEAR can facilitate the development of these lands, and the resulting servicing strategy that would be required for full municipal servicing. While the City currently has a surplus of vacant employment lands, section 2.1.3 of the proposed P.P.S., 2024 does permit the designation of Employment Areas beyond the 30-year planning horizon. Accordingly, the City could begin the initial stages of this analysis, to be better poised for future employment land demand and development. In addition to the Strategic Employment Area, and as noted earlier, the City can continue to explore brownfield redevelopment opportunities through its Community Improvement Plan (C.I.P.) and Development Charge (D.C.) deferrals.

Further to the above, the City can also explore other initiatives that have the potential to enhance the demand and marketability of its Employment Areas. One example of this is a potential interchange along Highway 401. This interchange could provide direct access to the Northeast Employment Area and further support residential and non-residential development in the City. Such a large infrastructure investment would likely require partnerships with other levels of government – the financial viability of an interchange would have to be assessed under various partnership scenarios.

Moving forward, it will be vital that the City continue to annually monitor its absorption of vacant Employment Area land, Employment Area densities, and Employment Area intensification to ensure that it has a sufficient supply of land to accommodate demand over 30 years. The demand forecast for employment and the resulting Employment Area forecast should be reevaluated on a 5- to 10-year basis, to ensure that the calculation of long-term land needs is in alignment with both the City's supply and growth potential. Establishing a monitoring framework for both the City's residential and non-residential lands will help the City continue to plan for the development of complete communities and a diverse tax base.



6.1 Summary of Recommendations

As noted throughout the report, there are several key recommendations for the City. They are as follows:

- To be successful in attracting a broad range of employment sectors, it is recommended that available vacant lands and any future Employment Areas in the City provide the corresponding industry requirements. Figure 3-2 provides the details regarding these target sectors and the industry requirements typically associated with them.
- Designating, servicing, developing, and constructing additional employment lands is a complex and slow process, which on average can require in the range of 15 years from the initial study stage to the time new industrial development is occupied and operational. Accordingly, it is recommended that the City begin exploring the next possible location for Employment Area development beyond the Northeast Employment Area in the near future.
- The Strategic Employment Area Reserve is an area that merits further analysis and exploration, especially within the context of the BEAR. If it is determined that these lands are not a viable option for development within the next two decades, the City should explore alternative options outside its existing urban boundary to facilitate future urban Employment Area growth – the Rural Employment Area Reserve is another location that the City can further assess.



Appendices



Appendix A

Characteristics of Employment Areas



General Employment Areas / Industrial Parks

General Employment Areas (also known as Industrial Parks) have a more general industrial orientation and accommodate industrial uses such as advanced manufacturing, logistics, distribution, and transportation sectors. These areas typically offer the following physical requirements:



Vaughan Enterprise Zone, Vaughan, Ontario

- **Access** – Proximity to controlled-access highways (i.e., Highway 401) 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, 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 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.



Northeast Employment Area, Mississauga, Ontario



Prestige Employment Areas

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



Commerce Valley Business Park, Markham, Ontario

To address the broad needs of the knowledge-based sector, a range of lands by type, size, and location should be considered. In Employment Areas, 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. Prestige Employment Areas typically have a more distinct 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 Employment Areas, particularly for offices;
- **Critical Mass** – Size is less important to prestige Employment Areas relative to general industrial parks; however, the Employment Area must be generally large enough to foster a sense of place to allow for on-site amenities;
- **Land-Use Compatibility** – Buffering is often required for prestige Employment Areas located in proximity to general Employment Areas or residential uses. Open space/parkland and trails are also often provided for pedestrians; and

^[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 Employment Areas. For these reasons, prestige or light Employment Areas often have higher average density levels compared to general Employment Areas.



- **Character** – Employment Areas 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.



Honda Canada, 404 Highway North Business Park, Markham, Ontario

