

City of Waterloo

Economic Development Strategy

2019-2024

November 2019



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Cover Images:

Top left: Spaceamoeba, “The Cross” December 21, 2008

Bottom Right: Mathews, Justin, “Fall” October 2, 2011:

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Executive Summary

The City of Waterloo has had a strong history of economic growth and evolution, rooted in our entrepreneurial spirit for creative disruption, pragmatism, and innovation. We have seen our economy ebb and flow but have continued to forge a path of excellence. Our primary focus from an economic development perspective has been creating an environment where core employment can flourish, and we continue to chart a course for our future with this Economic Development Strategy.

This *City of Waterloo Economic Development Strategy & Action Plan 2019-2024* presents a clear path for action; informing our business planning and priority development. While the strategy will be advanced under the leadership of our economic development team, it is recognized that successful implementation will be the result of collaboration with many stakeholders and partners, including business and industry, education, governments, and community organizations and intermediaries. Our role will shift between leader, facilitator, collaborator, supporter and advocate, depending on the objective and actions required.

The strategy identifies economic opportunities and recommends strategic priorities and relevant actions to advance tangible solutions that create a strong path forward towards economic sustainability, global competitiveness, and the community’s aspirations.

Methodology for the Economic Development Strategy



Source: MDB Insight, 2019. Note: SOARR stands for strengths, opportunities, aspirations, risks, and results.

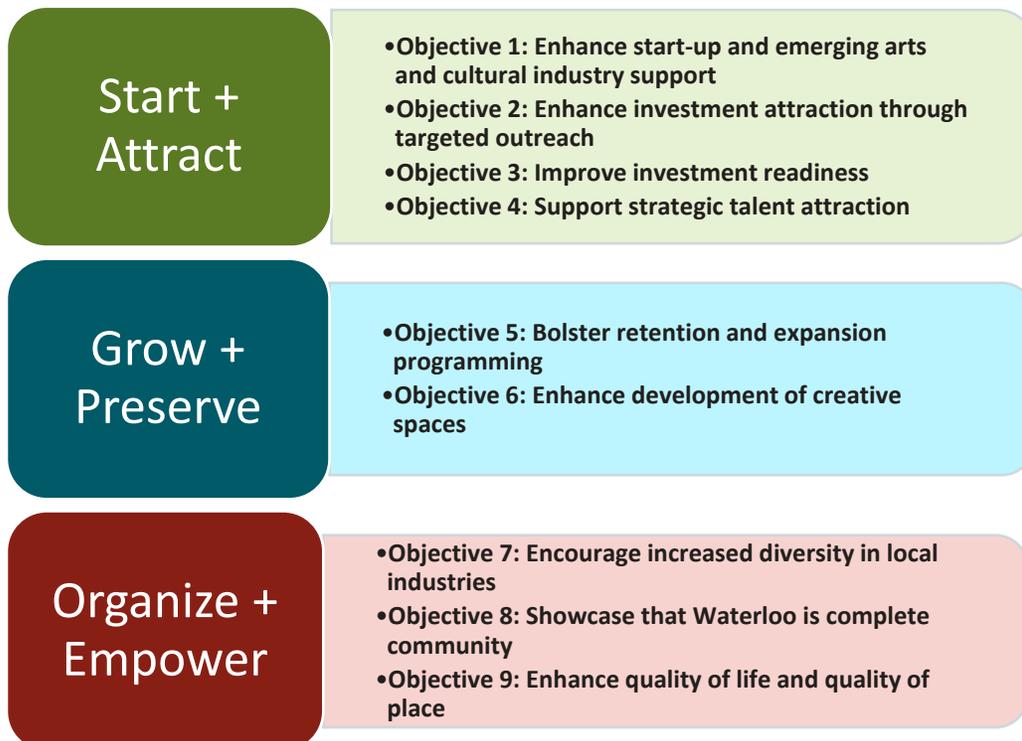


The Economic Development Strategy and Action Plan is derived from the following three-phase methodology, as outlined in the previous graphic:

- **Phase 1: Where are we now?** In this phase, a document review is conducted to examine existing policies, plans, strategies and research developed by the City of Waterloo or our partners. Next, an economic base analysis examines trends and existing factors related to population, demographics, income, education, workforce, industry, and business.
- **Phase 2: Where do we want to go?** This phase focused on consultation with the community and stakeholders. Consultation activities included one-on-one interviews relating to economic development that were conducted in concert with the City of Waterloo Corporate Strategic Plan initiative, and focus group workshops that included municipal and community stakeholders. The results of these formed the basis of where we want to go as a community.
- **Phase 3: How do we get there?** This phase begins with a critical evaluation of strengths, opportunities (including addressing challenges), aspirations, risks, and results (SOARR). The SOARR assessment helps to align aspirations that we and our stakeholders want for our economy and community over the long-term, so that strategies and action plans can be developed that lead to these desired future states. The strategy and action plans outline a series of strategic priorities and supporting action areas.

Our Economic Development Strategy and Action Plan is summarized in the graphic below.

Strategy and Action Plan Framework





1. Introduction

As the City of Waterloo, we stand as an example across Canada of strong economic growth, thanks in large part to our legacy as a leader in technology and knowledge-intensive industries. This legacy has withstood ebbs and flows over the past decade; however, we have maintained our strong positioning in part due to our entrepreneurial spirit that is rooted in creative disruption, pragmatism, and innovation.

There have been positive new investments here in Waterloo, contributing to employment opportunities and building a stronger pool of regional and local talent. Such new or recently expanded anchors to the business community include GDH (formerly Conestoga Rovers), EY Canada, Arvato, Nordia, Shopify, MCAP, North, ESCRYPT, and many more, which collectively have added approximately 2,000 new jobs to Waterloo since 2017¹. Growth is most visible in the technology sector. We sit at the heart of Canada's digital technology supercluster, adding to our marketability and continuing to drive innovation.

We are also part of a regional economic development network that supports activities that benefit the region as a whole. Waterloo Economic Development Corporation (Waterloo EDC) is often the first point of contact for companies looking to locate, relocate, or expand in Waterloo. Through collaborative efforts, the Region and its municipalities have benefited from this multi-dimensional approach, which positions each economic development organization with clear direction and focus.

The City of Waterloo is a founding partner and ongoing funder of Waterloo EDC and actively supports Waterloo EDC's efforts with respect to companies looking to relocate to or set up new locations in the Region. The City also works closely with Waterloo EDC on retention and expansion of local companies, providing expertise with respect to city-specific considerations.

At the City of Waterloo, our primary focus from an economic development perspective has been creating an environment where core employment can flourish. Our focus remains on supporting economic investment and growth among competitive industries while fostering the City as a great place to live and work. Areas of concentration for the City's economic development division include employment land development (including supporting the Region of Waterloo on their review of employment lands); competitiveness (community improvement plans, process and policy enhancement); strategic investments that enhance core employment; local retention

¹ See for example: <https://www.ghd.com/Modules/News/index.aspx?newsId=9e05b400-30c4-4d6e-89ee-94537d102719&lang=en-ca>; <https://www.therecord.com/news-story/7145313-an-office-building-so-green-it-actually-produces-energy/>; <https://www.waterlooChronicle.ca/news-story/8287521-arvato-adding-500-jobs-in-new-waterloo-facility/>; <https://www.therecord.com/news-story/9060557-nordia-planning-move-to-new-call-centre-in-waterloo/>; <https://www.therecord.com/news-story/5939069-shopify-to-hire-up-to-300-in-waterloo/>; <https://news.communitech.ca/shopify-to-triple-waterloo-workforce-in-major-expansion/>; <https://www.therecord.com/news-story/6912126-thalamic-labs-opening-waterloo-factory-to-make-wearable-tech/>; <https://www.escrypt.com/ja/node/323>



and expansion; placemaking; talent attraction and retention; small business support; and management of the parking enterprise. These are the tools that economic developers use to grow and protect their local economies and they continue to evolve as we advance new strategies.

Economic growth in the region has been captured in recent job numbers compiled by the Bank of Montreal, where it was found that Kitchener-Waterloo was ranked the fourth best place in Canada to find a job.² We improved our standing from a year earlier, where we were sixteenth overall. In 2015, we were also ranked the fourth best place to live for new Canadians.³ We, as a City, can attract a talented workforce from around the world and we strive to find ways to ensure new Canadians feel welcomed and secure.

Our story is not without challenge. Companies like Manulife have downsized their workforce across Canada, with announcements that it would shed 700 jobs between 2018 and 2019 as it seeks to consolidate and modernize⁴. Impact is expected locally as well. This trend, while evident in the insurance industry, is also growing in sectors such as manufacturing as other industries contract as roles become automated. The traditional model of the assembly line labour force has shifted as the economy adjusts to lean practices, emerging technologies, and transformational innovation. Changes in labour force demand are expected as increasing numbers of occupations become obsolete or undergo significant changes in how they are performed. Other challenges, such as a constrained and increasingly costly housing market, potentially threaten our ability to attract the talent we need or to be an accessible location for new start-ups and entrepreneurs.

It is in this context of changing industries and national recognition for our growth and innovation, that we, the City of Waterloo, have developed our Economic Development Strategy and Action Plan looking out to 2024. This Strategy will serve as a roadmap for economic development activities to address the anticipated needs of existing and future businesses, growing and emerging sectors, and local competitiveness that supports our regional positioning.

² Tencer, Daniel, “Best Places to Find Work in Canada Are Not Big Cities These Days,” Huffington Post, Jan 12, 2019: https://www.huffingtonpost.ca/2019/01/12/best-cities-jobs-canada_a_23640981/

³ Paide, Desmont, “Waterloo a top place to live for new immigrants,” The Record: <https://www.therecord.com/news-story/5655504-waterloo-a-top-place-to-live-for-new-immigrants/>

⁴ CBC News, 2018, “Manulife Cutting 700 Jobs, Consolidating Canadian Operations” June 21, 2018: <https://www.cbc.ca/news/business/manulife-1.4715861>



1.1 Purpose of the Economic Development Strategy

The purpose of the *City of Waterloo Economic Development Strategy and Action Plan* is to present a clear path for action and advancement of our economy over the next five years and beyond. While the strategy will be advanced under our economic development team's leadership, it is recognized that successful implementation can only truly be met through collaboration with and among key stakeholders including business and industry, educational institutions, other levels of government, and community organizations and intermediaries. Our role as a City may be that of leader, facilitator, collaborator, supporter or advocate, depending on the objective at hand.

Closely underpinning this Strategy is our recently completed *2019-2022 Corporate Strategic Plan*⁵, where “economic growth and development” was adopted as one of five strategic pillars. The processes for both were interconnected, relying on instances of shared consultation efforts.

This Strategy and Action Plan identifies economic opportunities and recommends strategic priorities and relevant actions to advance goals to make this a complete community.

Methodology

This strategy is informed by primary and secondary sources examined in the following three-phased methodology:

- **Phase 1: Where are we now?** In this phase, a document review is conducted to examine existing policies, plans, strategies and research developed by Waterloo or our partners. Next, an economic base analysis examines trends and existing factors related to the population, demographics, income, education, workforce, industry, and business.
- **Phase 2: Where do we want to go?** In this phase, consultation activities included one-on-one interviews relating to economic development that were conducted in concert with the City of Waterloo Corporate Strategic Plan initiative, and focus group workshops that included municipal and community stakeholders. The results of these formed the basis of where we want to go as a community.
- **Phase 3: How do we get there?** This phase begins with a critical evaluation of strengths, opportunities (including addressing challenges), aspirations, risks, and results (SOARR). The SOARR assessment helps to align aspirations that we and our stakeholders want for our economy and community over the long-term, so that the strategy and action plan can be developed that lead to these desired future states. The strategy and action plan outline a series of strategic priorities and supporting action areas.

⁵ City of Waterloo, Jul 3, 2019: https://www.waterloo.ca/Modules/News/index.aspx?feedId=0d868655-ba17-4efa-988b-1951530c7aec&newsId=2b4bb012-0bfb-4ffa-ba00-02dd4a90f58d&utm_source=kitchenertoday.com&utm_campaign=kitchenertoday.com&utm_medium=referral



2. Background Review, Economic Base Analysis and Consultation Process

This section presents summary findings from the background document review and economic base analysis. Each are expanded in detail in Appendix A. In addition, at the end of the section is an overview of the consultation process, with detailed results available in Appendix B.

2.1 Background Document Review Key Findings

A document review was conducted to understand what the policy landscape looks like here in Waterloo and at a regional level, where appropriate. The detailed review is available in Appendix A, with a summary of common themes presented here.

Key Findings

The new Corporate Strategic Plan (2019) has a dedicated pillar for economic growth and development that emphasizes attracting and nurturing an innovative economy, aligning development and job growth with objectives that address economic disparity, and connections with education partners. Meanwhile, the Official Plan (2012) has entrenched the importance of regularly updating our economic development strategy and increasing knowledge of industries, business services, and technology firms present in the city. Broadly, there is overlap among the Corporate Strategic Plan and the Official Plan. The Corporate Strategic Plan distinguishes itself by adopting an inclusive approach that embeds sustainability-related concepts within the economic context of the city, such as addressing social disparities. The new Zoning Bylaw (2018) recognizes the importance of preserving neighbourhood character and enhancements that contribute toward increased quality of life and quality of place.

Our Culture Plan (2014) places emphasis on enhanced quality of place assets. The Built Heritage Strategy (2015) emphasises well-kept properties, and incentives to stimulate beautification and heritage property preservation. Tools such as the Uptown Community Improvement Plan (Uptown CIP) help incentivize improvements and redevelop underutilized properties. This focus on community vibrancy has economic impact through cultural tourism and talent attraction.

2.2 Economic Base Analysis Key Findings

This section presents the results of the Economic Base Analysis. This analysis constitutes a scan of the historic trends associated with socio-economic indicators in the City of Waterloo, the Region of Waterloo, and Ontario. It uses Statistics Canada data from previous census years as well as Canadian Business Counts from December 2018. The section begins with an overview of key findings, with detailed results in Appendix A.



Summary of Key Findings

The City of Waterloo is economically prosperous. Our population has been growing steadily, surpassing the provincial growth rate by a percentage point since 2011 (6%), and our professional, scientific and technical services and education sectors are particularly strong.

While manufacturing has declined locally since 2011 (-2,440 jobs)⁶, the economy has proven robust and has seen a dramatic increase in professional, scientific and technical services (1,195 jobs) and information and cultural industries (775 jobs). The arts and culture sector, which traditionally includes information and cultural industries as well as arts, entertainment and recreation is of notable strength, with the former increasing in competitiveness from moderate to high (1.08 to 1.64 Location Quotient), and the latter increasing from low to moderate (0.66 to 0.85 Location Quotient).

Combined with the city's concentration of highly educated skilled labour, where 38% of those aged 15 and over hold a bachelor's degree or above, the city is turning toward a more creative economic base. The city's business counts reflect those trends, with 17% of all businesses in professional, scientific and technical services operating in varying sizes.

Waterloo is also a centre of highly concentrated wealth. The proportion of high earning households (those earning \$100,000+ per year) sits at 41% of all households in Waterloo, which, compared with the province's proportion of that income bracket at 35%, and Region of Waterloo at 38%, is significant.

A significant portion of our population growth can be attributed to immigration. Of those in Waterloo who reported that they had moved within the last five years, 8% were external migrants (i.e., those who moved from outside Canada). That percentage is double that of the Region of Waterloo (4% external migrants) and Ontario (4% external migrants) in 2016. In addition to external migrants adding to the local labour force, they also represent a source of fresh new ideas and entrepreneurs.

In terms of commuting patterns, residents of Waterloo and residents of neighbouring Kitchener tend to travel between the two cities for work daily. Of the workforce exported from Waterloo, 27% commutes to Kitchener for work, and 36.4% of our imported workforce comes from Kitchener. There is some commuting to and from surrounding townships in Region of Waterloo as well, but not to the same degree. Approximately 9% (3,820) people commute to work outside Waterloo Region to places like Toronto (730 exported commuters), Mississauga (415 exported commuters), North Dumfries (235 exported commuters), Hamilton (200 exported workers). Conversely, 6,695 commutes into Waterloo from outside of Waterloo Region. Those commuters come from Toronto (695 imported commuters), Mississauga (440 imported commuters), Hamilton (435 imported commuters), and North Dumfries (360 imported commuters).

⁶ Statistics in this section are derived from the full Economic Base Analysis, available in Appendix A



2.3 Consultation Results

This section presents a summary of results from consultation exercises conducted in association with the Economic Development Strategy. They are presented in detail in Appendix B; however, a summary of each method is presented below.

- One-on-One Interviews – A total of 34 interviews with business leaders, education institution representatives, local government, public institutions and not-for-profit representatives were conducted during the broader Corporate Strategic Planning process. Interviews were semi-structured, and results were aggregated to preserve confidentiality of the participants.
- Focus Group Workshops – Two focus group workshops were hosted; one among municipal staff and the other among external stakeholders of the municipality including business owners, business-related organizations, educational institution representatives, and other community organizations. The results of both sessions were amalgamated into a single analysis.

Some key themes that emerged from the various consultations include the following:

- The creative economy, including the convergence of STEM and arts and entertainment, is well-established but the concept of innovation tends to be applied mainly to STEM and less to other sectors.
- Arts and culture as an industry is undervalued despite being a competitive sector. It is in a position for targeted support and growth.
- Quality of life factors have a perceived impact on the ability to nurture economic growth because of their ability to help attract and retain talent and improve overall wellbeing. Factors include considerations related to housing accessibility, use of space, balance of amenities, and being a “livable city”.
- There is notable divergence between higher and lower income brackets in Waterloo. Looking at income brackets better illustrates the disparity.
- Workforce considerations emerged in various ways, including ensuring there is enough supply to meet expected demands and ensuring the required skills-matching is coordinated between employers and educators.
- Support for existing businesses, whether they are main street businesses, office-related businesses or traditional base industries such as manufacturing, is needed. Ensuring strong business retention and expansion programming is in place is a key theme.
- Navigating bureaucracy is a challenge and solutions are needed to make access to programming or advice less intimidating for businesses and other stakeholders.



3. SOARR Assessment and Priority Identification

A SOARR Assessment is a model for reflecting on a base line for strategic planning by studying identified Strengths, Opportunities, Aspirations, Risks, and Results (SOARR). It is a forward-looking model that uses information and insights gained through the background review and stakeholder consultations to inform our desired future and how we know when we have achieved our goals. The key concepts underpinning the SOARR model are outlined in the figure below. Each section of the SOARR is outlined in the coming pages.

Figure 1: Key Considerations for a SOARR Analysis



Source: MDB Insight, 2019.



Strengths

S	Strengths What can we build on?	<ul style="list-style-type: none"> • What are we doing well? • What key achievements are we most proud of? • What positive aspects have individuals and enterprises commented on?
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- Incubators & accelerators: There are a growing number of incubators and accelerators that have drawn attention to Waterloo.
- Strong entrepreneur ecosystem: A nurturing start-up ecosystem and collaborative networks are interconnected with post-secondary institutions, private sector and investors.
- Emerging arts and culture: The city have a thriving arts and culture sector that is in a position for growth and enhancement, but which also needs safeguarding.
- Uptown Community Improvement Plan: The plan has resulted in revitalization and investment.
- Light rail transit and node development: LRT development has resulted in stimulating growth and building intensity around LRT stations.
- Strong and growing creative industries: Industries such as professional, scientific, technical services, and information and cultural industries are highly competitive already and growing in strength.
- Manufacturing remains strong: Despite declines in strength, manufacturing is still considered a driver of additional economic spin-off benefits.
- Growing Migrant Population: Many permanent residents and new Canadians are choosing Waterloo.
- Highly Educated Workforce: Over 60% of the city’s labour force is skilled labour and over 40% of labour force has a university degree above a bachelor’s level.

Opportunities

O	Opportunities What are our best possible future opportunities?	<ul style="list-style-type: none"> • What changes in demand do we expect to see in the future? • What external forces or trends may positively affect development? • What are the key areas of untapped potential? • What can we do to address identified challenges or weaknesses?
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- Expand Community Improvement Plan: Develop a plan for expanding the CIP beyond the Uptown program and identify ways to ensure it remains beyond 2020.



- Talent Attraction Task Force: Initiate a talent attraction and retention task force to market Waterloo to specific talent segments in highest demand and conduct research and recommendations about talent retention.
- Grow Mix of Housing Options: Encourage development of a range of housing options to meet the diverse needs of the market.
- Align economic development and job growth with community development objectives that address economic disparity.
- Grow Local Talent: To complement talent attraction, programs and services are needed to encourage local talent development for high demand employment sectors.
- Social Enterprises and Non-Profits – Attract national head offices to Waterloo and continue to grow Waterloo’s reputation as a cultivator of social enterprises and non-profit innovators.
- Research + Technology Park (R+T Park) Development: Identify ways to expand the types of amenities and services developed at the R+T Park.
- Arts and Culture: Strategically expand arts and culture business attraction and development.
- Arts and culture entrepreneurship: Entrepreneurs exist in arts and culture and they require assistance as business-owners and innovators.
- Existing Business Retention and Expansion: Ensure business retention and expansion programming is proactive and businesses are engaged.
- Concierge Service: Implement a concierge service to steward existing or start-up businesses through the various resources or processes provided by the City of Waterloo and regional partners.

Aspirations

A	<p>Aspirations</p> <p>What do we care deeply about achieving?</p>	<ul style="list-style-type: none"> • What are we deeply passionate about? • As a region, what difference do we hope to make (e.g. to residents, for institutions, to businesses)? • What does our preferred future look like?
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- Innovation: To remain an internationally recognized centre of innovation, research and technology, while expanding opportunities that encourage and nurture innovation
- Workforce: To have a dependable and predictable workforce for today and tomorrow’s needs
- Diversification: To have a diversified economy composed of a mix of industries and various sizes of businesses
- Attractiveness: To be a lively and attractive community
- Supportiveness: To have strong support and programming for existing and new businesses



- **Housing Accessibility:** To ensure an adequate supply of housing options for all income levels and workforce components
- **Employment:** Align economic development and job growth to support broad-based labour force participation.

Risks

R	Risks How will we recognize and mitigate or eliminate potential risks?	<ul style="list-style-type: none"> What challenges do we need to be aware of? What policy shifts could impact our aspirations? What contingencies should we have in place to address threats or unexpected consequences?
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- **Downside of Densification:** Intensification around nodes has the potential to impact existing businesses and residents via increased cost of business.
- **Large-Scale Downsizing:** Trends of large corporate downsizing may continue to impact mass-employment and should be anticipated in contingency planning.
- **Wealth Disparity and Affordability:** Despite strong household income levels, the growing cost of living has made it increasingly difficult for some segments of the population to live in Waterloo.
- **Lack of Greenfield Space:** The City is constrained by a lack of greenfield employment lands, which increases market prices and slows construction.
- **Access to skilled labour:** Though highly educated overall, there is a risk that most students from outside the region will not stay in the community long-term.
- **Complacency:** There is concern among stakeholders that Waterloo may take its current economic success for granted.
- **Exodus of talent:** As competition intensifies from other notable technology hubs and costs increase locally, there is a risk of increased outflow of talent.

Results

R	Results How will we know we are succeeding?	<ul style="list-style-type: none"> What are the key goals we would like to accomplish in order to achieve these results? What meaningful measures will indicate that we are on track toward achieving our goals? What resources are needed to implement our most vital projects and initiatives?
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- Increased number of migrant workers and increased number of post-secondary student retention
- Increased number of patents per capita business and increased annual investment of venture capital to local firms
- Increases in density of cultural-related industries and arts, entertainment and recreation businesses
- Housing distributions include greater range of housing types or rental options and multi-unit developments
- Annual tourism visitors have increased for arts and culture events
- Annual business retention and expansion survey is generating opportunities for intervention and for broader business satisfaction prioritization; increases in overall business satisfaction; increases in business expansion assistance; and increases in assistance with succession planning

3.1 Industry Focus

Since Waterloo sits on the forefront of innovation in many respects, it should not be surprising that many industries are also undergoing a great deal of change. The increase of technology-enabled solutions can both serve as a “fix” for labour force challenges in many industries, while also potentially alienating other industries that currently employ many people. There are sectors that have traditionally been local strengths and among them are some of those very industries that are undergoing substantial change. Reflection must be done on their present state, current opportunities, and where to go in the future.

Economic development practitioners undertake several roles – from employment land development, to investment attraction, business support, business retention and expansion, tourism and relationship building, and more. It becomes essential to think both defensively and offensively about our role as a City. Measuring industry change can only be done by studying defined categories of sectors. As a result, Statistics Canada’s model of industry classification, which is based on the North American Industry Classification System (NAICS), has been used. This framework allows for studying sectors in detail. The following categories can be defined as “hard” industries because they are easily quantified.

The following five “hard” industries, as defined by NAICS, have been identified as being of interest for strategic purposes:

- **Manufacturing and Advanced Manufacturing:** Manufacturing is changing with increases in automation. Manufacturing sectors that traditionally relied on low-skill labour for most operations have had challenges attracting and retaining an affordable labour force, and the industry has changed in response to this constraint. Higher-skilled technical expertise is also required, and such roles tend to cost more. Attraction of new manufacturing is a possibility,



but available greenfield and brownfield space is limited in the city. Also, the sector experienced the largest labour decline between 2011 and 2016 out of all industries, at -2,440 people from Waterloo alone. Business retention and expansion needs to be a priority for the sector, as well as transitioning the workforce into other diversified sectors. Steering investment attraction in the sector toward advanced manufacturing practices is another way to grow the sector.

- **Information, Art and Cultural Industries:** Most people equate Waterloo with the “information technology” sector, given our history with telecommunications, software development, and data related services, but often overlooked in this sector is the cultural industries component, which includes film, music, and publishing. Film and media production, including post-production, are relying increasingly on new technologies. There is opportunity to grow in this space, especially for technology-dependent components of the sector, such as special effects, virtual/augmented reality, and entertainment software development. While many of the traditional components (software, telecommunications, data, etc.) are already mainstays of Waterloo’s economy, the cultural industries component has room for enhancement.
- **Arts, Entertainment and Recreation:** This sector includes facilities that support visual and performing arts, spectator sports and related industries, heritage institutions (i.e. museums, historic sites, etc.), and amusement, gambling and recreation industries. With strong stakeholder interest in a growing arts presence in Waterloo, there is considerable momentum to see an increase in spaces that focus on live performances, events and/or exhibits and spaces that support the development of artistic, creative and technical skills necessary for developing artistic products and live performance. Although often valued primarily for its contributions to quality of life, this sector should be advanced from a business and employment perspective⁷. Waterloo is known for its incubators geared toward technology and innovation, but a notable gap in the arts and culture ecosystem is a similar environment for artists of various disciplines to grow as entrepreneurs.
- **Health Sciences:** Looking specifically at health sciences, as a combination of health care industry, post-secondary education, and research and development, Waterloo holds notable prestige in this space. This space continues to be ripe for development and investment attraction, whether it be in products, pharmaceuticals, nutraceuticals, medtech, smart-technology, or sophisticated instruments. The sector is also one that is less likely to be impacted by large workforce shifts under automation. Growing the health sciences cluster in Waterloo is necessary to ensuring our long-term leadership position as an innovative community.
- **Finance and Insurance:** This sector is one of the most likely to be impacted by changes in technology, as has been evidenced by recent announcements of downsizing by firms like

⁷ For example, stakeholders lamented that arts, culture and entertainment tend to be simplified as “quality of life” components, which understates the entrepreneurial dimensions associated with the sector.



Manulife⁸. While employment in finance and insurance has been strong for decades in Waterloo, automation and artificial intelligence stand to render large portions of the workforce redundant or obsolete. In their place, there will be an increasing role for other skilled labour related to information technology. Long-term planning is needed to shield the large working population, which employs nearly 5,000 Waterloo residents, from impacts of technological change.

In addition to the above traditional NAICS sectors, cross-cutting various industries are “clusters” of industry that have come under new umbrella labels. These are classified as “soft” industries, because they are more difficult to measure by traditional terms. These include industries such as clean tech and the “creative economy.”

Cleantech includes elements of professional, scientific, technical services, manufacturing, and environmental services, among others. The cleantech sector is also increasingly affiliated with finance, as boutique venture capital firms are now emerging that specialize in cleantech investment. Here in Waterloo, evolGREEN, which is in collaboration with the Accelerator Centre, the City of Waterloo, Laurier, the Region of Waterloo, and the University of Waterloo Centre, is geared toward fostering and raising capital for cleantech start-ups.

Another soft industry that cross-cuts multiple sectors and which the City of Waterloo has been trying to grow into a strong brand is the “creative” economy, which includes visual and performing arts, design, engineering, architecture, writing/publishing, computer programming, and film and media production.

A common theme in all these sectors are notions related to innovation and advancement. We noted above that our future workforce is likely to change as a result of innovation, and this has potential positive and negative implications for our economy. Anticipating and leveraging innovation productively will ensure we are proactive about our future and continue to lead Canada as a centre for innovation.

3.2 Aligning Aspirations with Priorities

The SOARR assessment presented previously is helpful because it paints a portrait of the things that are valued by stakeholders and where we want to be in the future. Aspirations identified in this way become goals or outcomes to work toward through a strategy. A solid understanding of aspirations and their areas of synergy or complement can combine to help give Waterloo a series of priorities that underpin the action plan.

The various ideas can be charted in ways that allow for identification of common themes, which in turn represent priority areas of focus for the strategy. These interrelated notions are shown in Figure 2, and are summarized here based on their respective rationales.

⁸ CBC News, 2018, “Manulife Cutting 700 Jobs, Consolidating Canadian Operations” June 21, 2018: <https://www.cbc.ca/news/business/manulife-1.4715861>



Strategic Priority #1 Start + Attract – Be the place where businesses of all types want to get started or locate for success

- **Why?** Ideas of innovation and the entrepreneurial spirit emerge as a strength but exploring new entrepreneurship and growth opportunities beyond current areas of focus into arts and culture is also important to our success. Start-up support and investment attraction themes emerge as key supports needed for innovation in new and exciting fields, the diversification of the entrepreneurial base, workforce planning, and growth of start-up businesses. Start + Attract represents these various qualities.

Strategic Priority #2 Preserve + Grow – Be the place where businesses of all sizes and in all sectors are protected and well- positioned for growth.

- **Why?** Protecting existing businesses via programming and services and ensuring they are in a position for growth rather than decline is at the heart of this priority. Innovation has the potential to resolve some labour force challenges, while it may result in obsolescence in other components of the labour force. Emphasizing diversification away from waning industries and resolving workforce challenges will be important to preserving existing businesses. The City of Waterloo can play an important role in helping businesses stay competitive and productive.

Strategic Priority #3 Organize + Empower – Be the place where stakeholders are empowered to support economic growth and resiliency

- **Why?** To inspire innovation, diversification and workforce advancements, the role of the City of Waterloo must be that of a capacity builder and champion. This priority reflects the need to enhance the attractiveness community assets and ensure a strong quality of life, including improved housing availability, to meet talent and investment attraction needs.



Figure 2: Aspirations and Strategic Priorities Matrix for Waterloo

Strategic Priorities	Innovation	Workforce	Diversification	Attractiveness	Supportiveness	Housing Accessibility
Priority 1: Start + Attract	✓	✓	✓		✓	
Priority 2: Preserve + Grow	✓	✓	✓		✓	
Priority 3: Organize + Empower	✓	✓		✓	✓	✓

Source: MDB Insight, 2019.

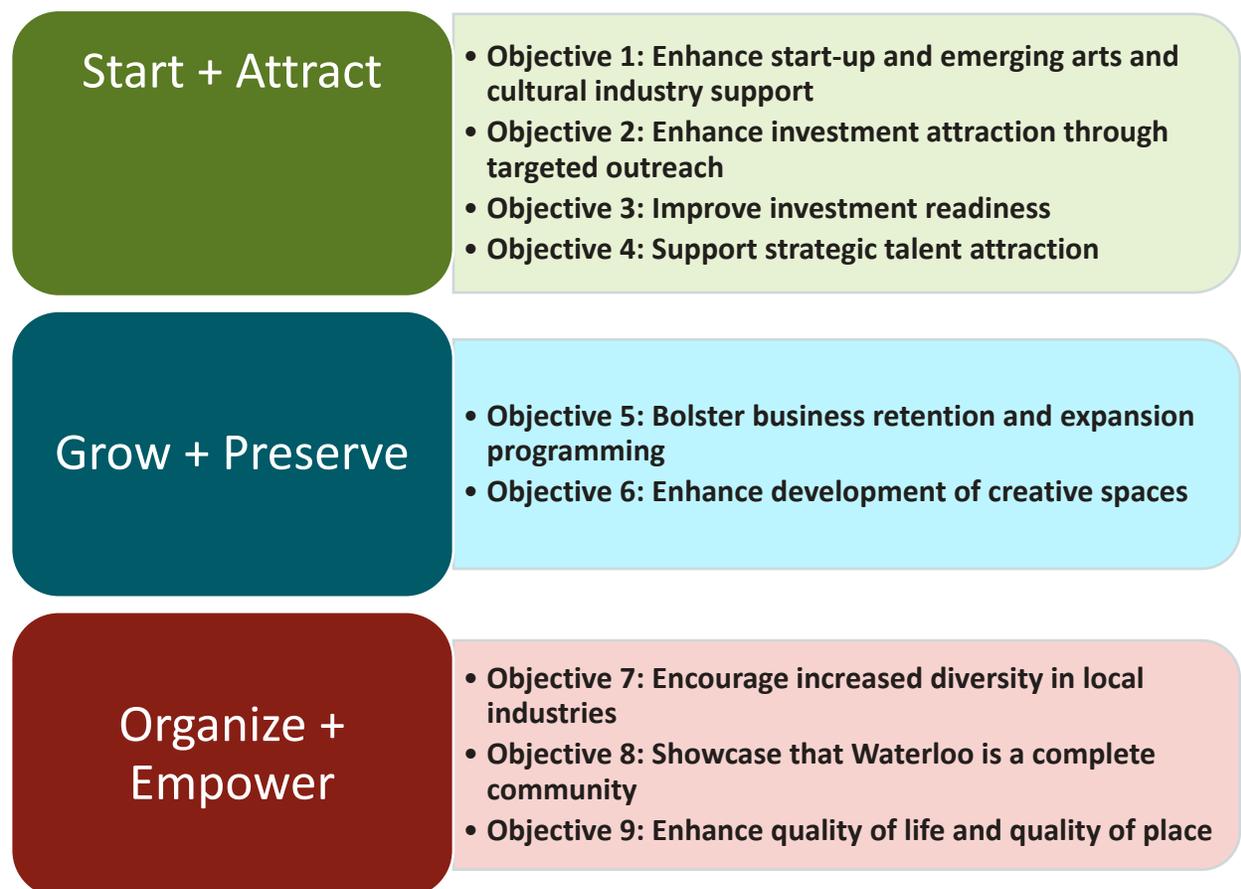


4. Strategic Priorities and Action Plans

This section presents the strategic directions and action plan for the Economic Development Strategy. The action plan is composed of three strategic priorities, their respective objectives, and a series of actions and performance measures to guide implementation and monitoring. The timing of actions is articulated as short (within 1 year), medium (2 to 3 years), or long-term (4 years or more). Efforts have been made to identify potential partners/supporters to contribute to the advancement of actions during strategy implementation. Not all activities need to be led by our Economic Development Department but instead can be supported by the department while being championed by a more fitting partner. For those that should be led by partners, our objective is to try to ensure that they take ownership of the idea.

The three priority areas and their respective objectives are summarized below but are also spelled out in detail in the frameworks on the coming pages.

Figure 3: Strategic Priorities and Objectives for the Economic Development Strategy and Action Plan





Strategic Priority #1 – Start + Attract: Be the place where businesses of all types want to get started or locate to for success

Objective 1: Enhance start-up and emerging arts and cultural industry support

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
Objective 1: Enhance start-up and emerging arts and cultural industry support				
1. Encourage the development of Arts Incubators/Culture Hubs	<ul style="list-style-type: none"> ▪ Identify potential partners or leads ▪ Undertake stakeholder needs assessment ▪ Work with partners to secure pilot project funding 	Post-secondary institutions Federal & Provincial governments Private sector stakeholders Arts industry	Medium-Long	Indicators: Number of arts incubators or culture hub spaces piloted Outcome: Increased capacity in the art and cultural industries sector



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
<p>2. Expand the start-up business skills workshop series to include arts and cultural industries</p>	<ul style="list-style-type: none"> ▪ Consult with local arts and cultural industry business owners to better understand gaps in existing training for emerging businesses in this sector ▪ Arrange semi-regular programming to address needs identified ▪ Increase communication of existing business-start-up related workshops or events to arts and cultural industry targeted to entrepreneurs 	<p>Small Business Enterprise Centre</p> <p>Post-secondary institution business schools</p> <p>Arts industry</p>	<p>Short</p>	<p>Indicators: Partnerships brokered; sessions organized; participation at sessions; qualitative feedback (forms); new businesses started</p> <p>Outcome: Increased start-up support for arts and cultural industry entrepreneurs</p>
<p>3. Explore opportunities to support connections between artists and the private sector</p>	<ul style="list-style-type: none"> ▪ Develop a toolkit to support mutually beneficial collaborations between artists and the private sector ▪ Act as a conduit between private sector and artists to better communicate opportunities ▪ Facilitate investment in local artists through event sponsorship opportunities and partnerships ▪ Expand artist roster 	<p>Corporate champions</p> <p>Arts industry</p>	<p>Medium-long</p>	<p>Indicators: Number of private sector requests for information or support; number of artists on artist roster</p> <p>Outcome: Improved arts visibility and support of arts and cultural industries</p>



Objective 2: Enhance investment attraction through targeted outreach

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
<p>4. Initiate an investment attraction campaign targeting social enterprises and non-profits</p>	<ul style="list-style-type: none"> ▪ Conduct an analysis of top social enterprises and non-profits and identify those that are growing or in a position for expansion ▪ Work with post-secondary stakeholders to identify non-profit network connections ▪ Forge connections with local chapters to identify decision-makers at each key organization ▪ For organizations that do not have local chapters or none in Ontario, focus attention on attraction of satellite offices 	<p>Post-secondary institutions</p>	<p>Short</p>	<p>Indicators: Number of leads; number of converted leads</p> <p>Outcome: Increased numbers of social enterprises and non-profits headquartered in Waterloo</p>
<p>5. Initiate a targeted investment attraction campaign toward film, television, and media content development</p>	<ul style="list-style-type: none"> ▪ Develop an asset map of existing content producers, talent, and filming locations ▪ Expand listings on Ontario Creates website ▪ Collaborate with regional municipalities to develop consistency in the film permitting process and tracking ▪ Develop a municipal Film Policy 	<p>Regional municipalities Region of Waterloo Tourism Marketing Corporation</p>	<p>Medium</p>	<p>Indicators: Number of film permits issued; number of inquiries; number of new content development businesses started or expanded</p> <p>Outcome: Increased investment in film, television and media content development and supporting industries</p>



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
6. Support increased Foreign Direct Investment in high priority innovation sectors	<ul style="list-style-type: none"> ▪ Work with Waterloo EDC to support FDI marketing in medtech, cleantech, advanced tech manufacturing, and film industries <ul style="list-style-type: none"> ▪ Our role is to be investment ready and prepared to meet with and respond to any specific inquiries. ▪ Work productively in a lead-handling protocol so that Waterloo EDC and the City work fluidly 	Waterloo EDC	Medium	<p>Indicators: Leads obtained, leads converted; amount invested; tax revenue; jobs created</p> <p>Outcome: Increased business attraction and job growth</p>

Objective 3: Improve investment readiness

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
7. Develop available City-owned lands	<ul style="list-style-type: none"> ▪ Develop a timeline for new employment land development and plan accordingly ▪ Develop a strategy that will optimize the Uptown parking lands to support growth, talent attraction, and prosperity ▪ Support Region of Waterloo on their comprehensive review of employment lands 		Short	<p>Indicators: Inventory of City-owned lands developed, cost of servicing determined, strategy in place, knowledge of available employment lands in Waterloo Region.</p> <p>Outcome: Increased private sector investment in employment lands, redistributed parking.</p>



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
8. Support developments that include special allowances for co-location, flex-industrial, arts, and cultural industries	<ul style="list-style-type: none"> Identify incentives to ensure developments include a range of business spaces to accommodate the diversity of markets Work with IPPW to ensure supportive zoning 	Private sector developers	Medium	<p>Indicators: # of spaces designated for small-scale manufacturing and arts</p> <p>Outcome: Greater diversity of available spaces</p>
9. Build an inventory of information resources to encourage investment	<ul style="list-style-type: none"> Develop and update data resources Establish sector-specific information for target markets 	Waterloo EDC	Short	<p>Indicators: Information resources compiled and developed into an accessible format</p> <p>Outcome: Increased investment in target sectors, increased internal knowledge of target sectors.</p>

Objective 4: Support strategic talent attraction

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
10. Participate in regional talent attraction initiatives	<ul style="list-style-type: none"> Work with Post-Secondary Institutions, Communitech & the Workforce Planning Board to understand supply and demand impacts to be prepared for future workforce needs 	<p>Workforce Planning Board</p> <p>Communitech</p> <p>Post Secondary Institutions</p>	Short	<p>Indicators: Talent supply matches demand, periodic supply and demand reports show gradual alignment</p> <p>Outcomes: Waterloo is a desirable talent hub</p>



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
	<ul style="list-style-type: none"> ▪ Convey findings to local businesses and highlight industries expected to face large labour force shifts due to automation 			
11. Develop recruitment resources to support local and external talent attraction efforts	<ul style="list-style-type: none"> ▪ Initiate a targeted recruitment campaign in select geographies that show an influx of workers to Waterloo ▪ Showcase City of Waterloo assets and employment opportunities to support partner recruitment initiatives including active transportation 	Post Secondary Institutions Workforce Planning Board Communitech	Short	Indicators: Recruitment resources developed Outcomes: Local businesses can attract appropriate talent; external talent has increased awareness of employment opportunities



Strategic Priority #2 – Preserve + Grow: Be the place where businesses of all sizes and in all sectors are well-positioned for growth

Objective 5: Bolster business retention and expansion programming

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
12. Focus BR&E efforts on priority sectors	<ul style="list-style-type: none"> ▪ Develop a visitation schedule to meet with businesses in target sectors ▪ Identify green-flag (expansion) opportunities and red flag (closures, downsizes, relocations) threats ▪ Measure trends over time 	<p>Waterloo EDC</p> <p>Other Regional Municipalities</p>	Medium	<p>Indicators: Number of meetings with local businesses</p> <p>Outcomes: Reduced business closures or relocations; increased number of expansions</p>
13. Continue to work with partners to identify and address business and talent retention challenges	<ul style="list-style-type: none"> ▪ Probe drivers of business closure, downsize or relocation ▪ Identify and explore a solution to business retention challenges ▪ Work with post-secondary institutions to develop opportunities for student engagement & post-graduation retention 	<p>Manufacturers Innovation Network (MIN)</p> <p>Workforce Planning Board</p> <p>Waterloo EDC</p> <p>Greater KW Chamber of Commerce</p> <p>Communitech</p> <p>Post Secondary Institutions</p>	Medium	<p>Indicators: Meetings held</p> <p>Outcomes: Businesses are retained, expanding</p>



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
14. Help develop tools and resources to support business scale-ups	<ul style="list-style-type: none"> Identify local scale-up challenges Compile an inventory of government services and funding resources 	Waterloo EDC Ontario MOEDJCT Fed Dev	Short	Indicators: information pamphlet for start-ups developed; # of businesses assisted through tools/resources Outcomes: Increased # of startups. Increase in # of employees at start-up businesses

Objective 6: Enhance the development of creative spaces

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
15. Prioritize the need for available exhibition and performance space	<ul style="list-style-type: none"> Work with private sector partners to establish temporary and permanent exhibition/performance space on ground-floor levels of properties Institute a policy that ensures any new municipal building or renovated building has space devoted to arts exhibition and/or performance Partner on feasibility review for a conference centre in the Region. 	Private sector partners Area Municipalities WRTMC Waterloo EDC Chambers of Commerce Post Secondary Institutions	Medium-long	Indicators: Number of arts-exhibition/performance spaces increases Outcomes: Increased arts activity throughout the city in businesses and municipal spaces



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
16. Increase diversity of permitted uses to support cultural space development	<ul style="list-style-type: none"> ▪ Identify barriers that limit opportunities for cultural space development including co-location, live-work, or restricted/limiting uses 	Landlords, City (Planning and/or Bylaw), Waterloo EDC	Medium-Long	<p>Indicators: Barriers identified; # occupied space</p> <p>Outcomes: Greater availability of flexible work environments suitable for small art and cultural businesses</p>
17. Improve access to capital for arts and cultural industries	<ul style="list-style-type: none"> ▪ Research examples of best practice for municipal funding programs ▪ Advocate for increased support available for creative space development projects by the City 	Not-for-profit arts organizations	Medium	<p>Indicators: Pilot projects funded; footprint of shared creative space increased</p> <p>Outcomes: Arts and cultural industries have better access to working space</p>
18. Increase investment in cultural and sport tourism	<ul style="list-style-type: none"> ▪ Conduct a BR&E of arts and culture Affiliate Service Organizations ▪ Identify areas of notable strength and make plans to increase their impact and visibility ▪ Identify critical gaps where new arts and culture initiatives should be supported 	Local arts and culture stakeholders	Medium	<p>Indicators: Asset map created</p> <p>Outcomes: City-wide understanding of arts and culture assets, needs, gaps which will act as a baseline to grow arts and culture, and can be used in talent attraction initiatives</p>



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
	<ul style="list-style-type: none"><li data-bbox="535 352 1035 451">Invest Municipal Accommodation Tax fund to support cultural and sports tourism growth			



Strategic Priority #3 – Organize + Empower: Be the place where stakeholders are empowered to support economic growth and resiliency

Objective 7: Encourage the identification and elimination of systemic barriers via opportunities for improvement.

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
19. Develop regular networking opportunities targeting women in creative industries	<ul style="list-style-type: none"> Identify potential community partners Assist in identifying other opportunities for Waterloo to engage in the empowerment of women in STEAM 	Post-secondary institutions KW Business Women’s Association Small Business Enterprise Centre	Short	Indicators: Networking events developed Outcomes: Healthier creative economy ecosystem and empowerment of women in STEAM
20. Support partner initiatives that promote diversity and inclusion	<ul style="list-style-type: none"> Identify local champions to initiate networking opportunities Promote diversity and inclusion resources to local businesses 	Post-secondary institutions KW Business Women’s Association Immigration Waterloo Region	Medium/long-term	Indicators: Local champions identified Outcomes: Identification of systemic barriers and opportunities for improvement



Objective 8: Showcase that Waterloo is a complete community

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
21. Increase awareness of the Economic Development Office	<ul style="list-style-type: none"> ▪ Ensure the City of Waterloo’s economic development office has a stronger online presence ▪ Promote the office’s tools, programs, and services 	Waterloo EDC	Short/Medium	<p>Indicators: Inquiries</p> <p>Outcomes: Economic Development efforts are understood, and resources are accessed by the public</p>
22. Promote Waterloo as a great place to do business	<ul style="list-style-type: none"> ▪ Celebrate local victories and good news stories using online tools ▪ Develop a newsletter to more effectively share news and resources with local business 	Waterloo EDC, BIA, Small Business Enterprise Centre	Short	<p>Indicators: Newsletter developed, a mailing list of local businesses created</p> <p>Outcomes: Increased interest in Waterloo as a place to do business, stronger relationships with the business community.</p>
23. Support concierge services for businesses seeking assistance with navigating municipal and other government programming	<ul style="list-style-type: none"> ▪ Identify all local and regional programming and respective contacts associated with each program ▪ Assist businesses and investment leads in negotiating bureaucratic processes involving outside organizations or levels of government 	Small Business Enterprise Centre Municipal partners Waterloo EDC	Ongoing	<p>Indicators: # of businesses assisted</p> <p>Outcomes: Increased accessibility of business services, increased rapport with the business community</p>



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
24. Support Toronto/Waterloo Region Corridor initiative	<ul style="list-style-type: none"> Advocate for two way, all-day GO public transit service between Waterloo Region and Toronto 	Province of Ontario Region of Waterloo GO Transit City of Toronto	Medium-Long	Indicators: Open dialogue with Province & GO Transit on corridor initiative Outcomes: Toronto/Waterloo Region Corridor transit established

Objective 9: Enhance the quality of life and quality of place

Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
25. Advocate for diversified housing options	<ul style="list-style-type: none"> Ensure the City works with area partners to understand housing needs and viable solutions including for businesses struggling to attract talent, new ventures and start-ups 	Local NFP housing organizations Private sector housing developers	Medium/Long	Indicators: Diversity of housing available Outcomes: A mix of housing types in the city that meets the needs of the population
26. Explore and leverage incentive programs	<ul style="list-style-type: none"> Conduct a best practice review of CIP models to understand where new and innovative advancements have occurred in CIP incentives and applications Promote available incentive programs 	City Planning dept.	Medium/Long	Indicators: CIP's are reviewed for opportunities Outcomes: Increased activity in the various CIP areas,



Objective/Action Area	Activities	Potential Partners	Timing	Performance Measures
27. Advance placemaking through strategic partnerships and initiatives	<ul style="list-style-type: none"> ▪ Work with IPPW to ensure infrastructure to support diverse uses of public spaces ▪ Develop investment-ready opportunities to enhance public spaces ▪ Develop process and toolkit to support developer-led art projects 	<p>Integrated Planning and Public Works</p> <p>Private sector developers</p>	Medium/Long	<p>Indicators: # of public realm investments</p> <p>Outcomes: Better managed public spaces, increased use of public spaces.</p>



4.1 Going Forward

The priority of creating an economic development strategy is influenced, in part, by the inclusion of economic development as a priority in the 2019-2022 Corporate Strategic Plan. Recognizing that economic development is a key contributor to the sustainability of the city of Waterloo and an influencer to the city's quality of life and competitive positioning, this plan presents strategic priorities that have emerged through the research and consultation process.

As with any strategy, there is a need to give budget consideration to the proposed actions as implementation will require resources, both human and financial. With the identification of Economic Development as a key goal in the City of Waterloo's corporate strategy, the strategy and the work of the City's Economic Development Department is positioned well. There is also the opportunity to investigate the alignment of local priorities with those of other levels of government and to tap into those synergies through the implementation phase.

Consideration of potential investment into economic development opportunities must remain a priority with the goal of achieving the greatest return on investment while addressing economic resiliency, competitive growth, diversification, and business retention and expansion, and small business supports.

As the next steps towards implementation, there are several things that should be kept in mind going forward to ensure the strategy is effective and impactful. Next steps must consider:

- An effective communications strategy that will promote and raise awareness of strategic priorities, and opportunities for collaboration and partnership to advance implementation;
- Validating the appropriate timeline related to specific priorities and actions, ensuring that those that offer the greatest early return on investment are acted on in the short-term. Recognition of progress is a key driver to gaining further support.; and
- Remaining transparent and inclusive in the monitoring of the strategy implementation and the outputs, outcomes, and impact that results. A brief annual communique can serve to reflect on what has been completed, what remains outstanding, and to celebrate the successful outcomes and impacts.

Strategy ownership may remain with the City of Waterloo, Economic Development. However, opportunities to tap into additional resources, align with organizations that share a common priority, and collectively celebrate the success of the strategy implementation will foster positive relationships within the city and, more broadly, across the region.



Appendix A – Background Review & Base Analysis

Background Document Review

A series of documents from the City of Waterloo and Region of Waterloo were studied to identify ideas and themes associated with economic development.

City of Waterloo 2019-2022 Corporate Strategic Plan (2019)

Purpose

This newly initiated Corporate Strategic Plan sets the platform and strategic agenda for Waterloo’s current Municipal Council. It has six strategic pillars addressing areas such as equity and inclusion, sustainability and the environment, transportation, healthy communities, and resilient neighbourhoods, infrastructure renewal, and economic growth and development.

Key Takeaways and Economic Considerations

The goal of economic growth and development is to create a diverse economy that works for all, and where all can work. The city is committed to emphasizing and fostering job growth that maximizes opportunities within the local labour market through the provision of employment that aligns supply and demand. Its stated goal is to “Foster a robust and diversified economy.”

Objectives include the following:

- Actively attract and nurture innovation among businesses to fuel a diverse economy;
- Align economic development and job growth with community development objectives that address economic disparity; and
- Celebrate the connection with education partners to fully leverage growth opportunities.

Year-End 2018 Population and Household Estimates for Region of Waterloo (2019)

Purpose

This report highlights Region of Waterloo’s 2018 population growth estimates, household growth estimates, and how recent growth compares to long term trends. These estimates can be used to plan for growth, support infrastructure, and service programs, develop municipal benchmarks and performance indicators, calculate service costs per resident, assess housing needs, and track population-related trends.



Key Takeaways and Economic Considerations

- Region of Waterloo experienced an increase of 7,130 people (1.2%) over 2017, lower than the 15-year average of 1.29 percent.
- Growth in households from 2017 to 2018 was 3,000 (1.4%).
- The overall persons per unit were at 2.70 in 2016 and are currently estimated at 2.69 in 2018.
- The decline is attributed to the aging of population, smaller average family size, and the increase in apartment/condominium units versus the traditional single-detached dwelling.
- The 2019 population is estimated to increase to over 607,720 people based on recent building permit activity, with a population growth rate of 1%.

Collier's International Statistics on Office Space, Region of Waterloo (2018)

Purpose

This report highlights the statistics for office space in the Region of Waterloo. Variables include office inventory, vacant space and rates, available space and rates, net absorption, rental rates, net new supply, and construction status if applicable.

Key Takeaways & Economic Considerations

- The Region's total vacancy rate for 2018 was 16.08% for Q3 and 15.99% for Q4.
- The total availability rate for the Region is 14.36% in 2018.
- The net absorption rate of office space for the Region in 2018 for Q4 was 142,736.
- The net new supply of office space for the Region in 2018 for Q4 was 159,483.

Waterloo Zoning By-law (2018)

Purpose

This new by-law was adopted on September 2018. It regulates land uses and development including:

- Lot sizes, dimension requirements, and coverage;
- Types of buildings that are permitted and how they can be used;
- Location of buildings and other structures on a lot;
- Building setbacks, heights, densities, floor areas, spacing and character of buildings;
- Landscaped spaces and amenity areas; and
- Parking and loading requirements.



Key Takeaways and Economic Considerations

The new by-law emphasizes transit-friendly neighbourhoods by reducing minimum parking allowances for new projects in certain areas of the city. It introduces definitions for activities such as makerspaces, microbreweries, and advanced tech. In short, it touches on many placemaking factors that assist with advancing economic development initiatives.

Rules for tall buildings in the by-law are intended to reinforce the human-scale and encourage neighbourhood character.

Parkland Dedication Bylaw and Policies Report (2015)

Purpose

In 2011, the City of Waterloo introduced a new cash-in-lieu of parkland fees. The new fee increased as land value, and density increased. This report provides a review of the cash-in-lieu of parkland fees.

Key Takeaways & Economic Considerations

- This report recommends that:
 - Council decrease the cash-in-lieu of parkland fee for residential infill and office development projects in the Uptown to establish a more balanced approach for sustainable development and investment to 2019; and
 - Council eliminate the cash-in-lieu of parkland fees for all industrial projects to facilitate industrial investment (expansion, retention, and new building) across the City during the same time period.
- Since 2005, industrial cash-in-lieu of parkland fees have generated about \$44,949, which is equivalent to 0.3% of total city cash-in-lieu of parkland fees.
- Eliminating the industrial fee could reduce that annual cash-in-lieu of parkland fee by an average of \$4,494 per year.
- Since 2010, there has been a significant decline in office development in the Uptown. To help facilitate office projects, staff is recommending eliminating the cash-in-lieu of parkland fees for any office project in the Uptown, which is based on 2% of the land value. This would result foregoing about \$1,498 to about \$400,000 in potential parkland revenues pending market demand to 2019 (year-end).

City of Waterloo Strategic Plan (2015-2018)

Purpose

This report identifies the most important priorities for the City of Waterloo (multi-modal transportation, infrastructure renewal, strong community, environmental leadership, corporate



excellence, and economic development) and outlines the objectives and actions necessary to achieve each priority.

Key Takeaways and Economic Considerations

- Multimodal Transportation: a fully connected and integrated community
- Infrastructure Renewal: plan, build, and maintain public infrastructure to support growth and high quality of life for its residents
- Strong Community: collaborate with others to build a community where the diverse population has a strong sense of belonging and are active and engaged in community life
- Environmental Leadership: protect the environment and a sustainable future through proactive stewardship
- Corporate Excellence: exemplify service excellence and fiscal responsibility
- Economic Development: effectively pursue and manage economic growth to stimulate new opportunities and increase investment

2016 Commuting Report – City of Waterloo – TravelWise Survey (2016)

Purpose

The City of Waterloo conducted a survey over three weeks. Questions were designed with several objectives:

- Measure methods of travel getting to and from work (employee mode split);
- Understand demographic and geographic patterns influencing these commuting patterns;
- Identify employee interest and satisfaction in commuting options; and
- Identify opportunity areas for the City of Waterloo.

Key Takeaways and Economic Considerations

- The drive-alone rate for the City of Waterloo staff is 83%, which is higher than the other municipalities in Region of Waterloo and higher than the TravelWise average.
- Drive-alone trips increased by 5% compared to 2015, and by 1% compared to the 2010 baseline.
- Identified opportunities and recommendations from the report are:
 - Promote TravelWise Services and Programs;
 - Explore Financial Incentives; and
 - Create a Corporate Commuting Action Plan for staff.



Waterloo Built Heritage Strategy (2015)

Purpose

- This strategy was developed to provide a framework for the identification, protection, and management of Waterloo’s cultural heritage resources
- It builds on existing policies, processes, and cooperative practices
- It identifies goals and recommended actions to be carried out over the next ten years to strengthen the city’s management of cultural heritage
- Its goals will assist staff and council in prioritizing projects and help inform operating and capital budgets

Key Takeaways and Economic Considerations

- Incentive programs are needed to support property owners in conserving the heritage features of their properties.
- These financial incentives offset the costs of maintenance, repair, restoration, and adaptive reuse.
- Incentive programs can have spillover economic, social, cultural, and environmental community benefits.
- The City has adopted several grant programs, through the Uptown Community Improvement Plan (CIP), to support the maintenance, repair, restoration, and adaptive reuse of heritage properties.

Official Plan, City of Waterloo (2012)

Purpose

- Primary long-range, comprehensive municipal planning document that is the framework for land use decision making for the City of Waterloo
- Contains principles, objects, and policies designed to direct the form, extent, nature, and rate of growth and change within the municipality to the year 2031

Key Takeaways & Economic Considerations

- City intends to approve and update an Economic Development Strategy
- It will be used to enhance and develop the economy
- The goal is to rely on the service sector and particularly knowledge industries, business services, and technology companies



- It says that an Employment Land strategy will be initiated through the Economic Development Strategy for the City's land holdings and place a focus on economic expansion and business retention

Waterloo's Neighbourhood Strategy: Supporting Resident-led Neighbourhood Community Building (2018)

Purpose

- The City has been partnering with the community to define a vision for resident-led neighbourhood community building
- A collaborative process, building on the long-standing and successful city initiatives currently in place to support neighbourhoods
- Outlines a plan to provide neighbourhoods citywide with additional tools to build stronger communities
- Develop a neighbourhood strategy

Key Takeaways and Economic Considerations

- Run programs that build resident capacity to organize and lead neighbourhood initiatives
- A capacity-building leadership program to give residents tools to organize and implement ideas
- Provide additional training and support to neighbourhood groups

Waterloo's Culture Plan: A Catalyst for Culture 2014 – 2024 (2014)

Purpose

- The goal of this plan is to prioritize cultural development in the community.

The objectives of the plan are:

- Define the community's vision for culture in Waterloo over the next 100 years;
- Identify the city's role in supporting local cultural development to achieve the community's vision; and
- Establish strategic goals and recommended actions for the city to pursue to support the community's vision.

Key Takeaways and Economic Considerations

- The goal is to align with the Economic Development Strategy.



- Create an arts, culture, festivals and events team within the Economic Development Department.
- The new team will be responsible for facilitating municipal and cultural services and events in collaboration with community resources to:
 - a. Facilitate/host events;
 - b. Provide staff support and other resources for community cultural development support; and
 - c. Foster collaboration and partnership opportunities.

City of Waterloo Transportation Master Plan Final Report (2011)

Purpose

- A strategic planning document that provides direction for local transportation planning and decision-making.
- The four main principles are Accessible, choice, sustainable and fiscally responsible.
- This was the first transportation master plan prepared for the city.

Key Takeaways and Economic Considerations

- It is a capacity-focused strategy: it stresses continuing to provide roadway network capacity where required in response to growing travel
- It is also a demand focused strategy: addresses growing demands by changing travel characteristics in the City
 - Waterloo would have to accept any associated costs, plus the impacts of reduced roadway capacity
- Funding Opportunities: local transit system improvements can be eligible for provincial and federal funding programs

Other sources of revenue include development charges for growth-related roadway construction, development agreements, gas tax, user fee pay, cash-in-lieu of parking and focused private sector advertising.



Economic Base Analysis

An economic base analysis has been conducted for the City of Waterloo in comparison to the Region of Waterloo and the Province. The analysis relies on data from Statistics Canada’s Census Profiles (2011, 2016), National Household Survey (2011), and Canadian Business Counts (December 2018).

Demographic Portrait

As shown in Figure 4 Below, Waterloo’s population increased by 7,511 (7.7%) people between 2006 and 2016. Most of that growth occurred over the 2011-2016 period when the population increased by 6,206 (6.3%) people. Waterloo’s population growth surpassed the provincial growth rate (5%) during the 2011-2016 period.

Statistics Canada’s 2016 Census identifies Waterloo’s population at 104,986. This census includes people that live in regular households and collectives (e.g. nursing homes); however, it does not count post-secondary students who are living temporarily in the region while they study (as these students are generally counted in their parents’ homes).

Figure 4 City of Waterloo Population Change 2006-2016

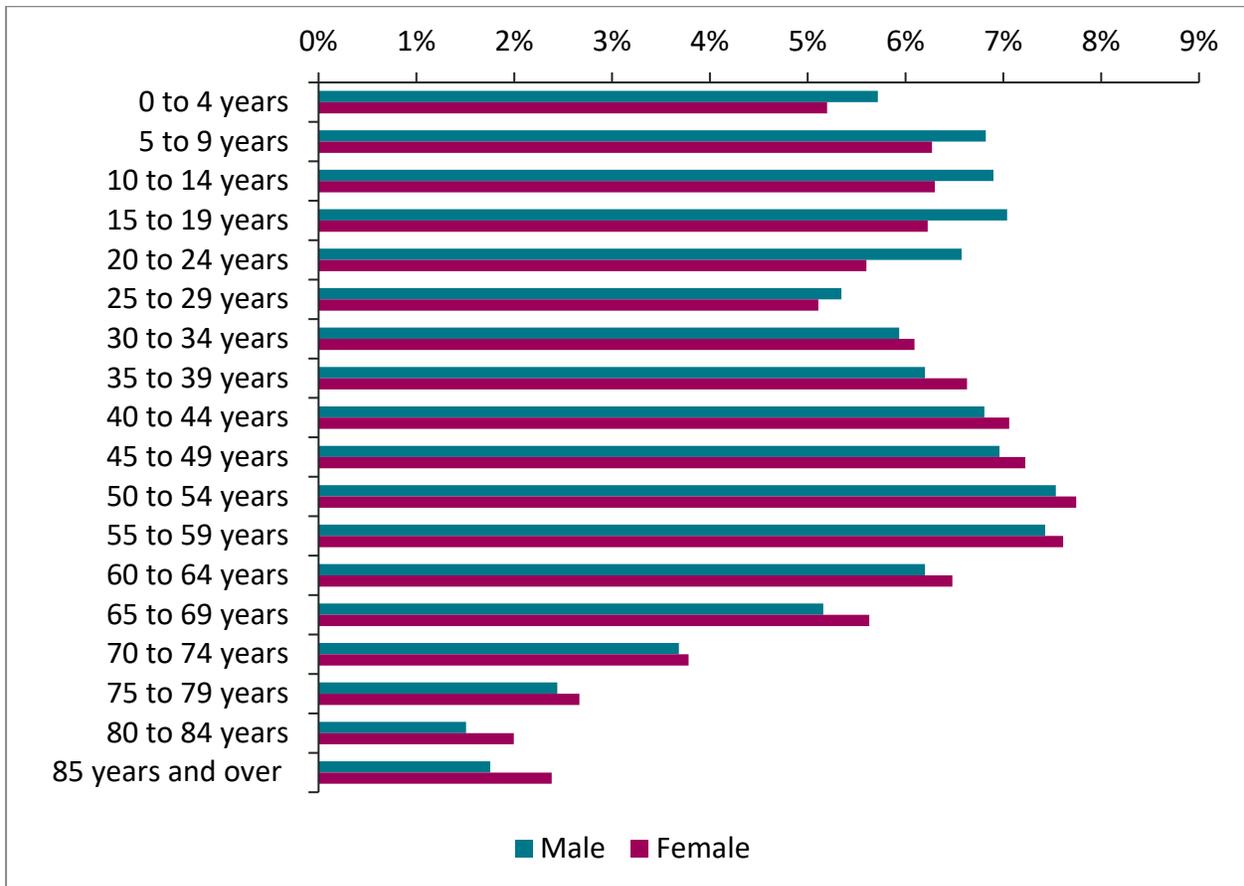
Year	Waterloo, City	Waterloo, Region	Ontario
2006	97,475	478,121	12,160,282
2011	98,780	507,096	12,851,821
2016	104,986	535,154	13,448,494
Most Recent Pop Growth rate	6%	6%	5%

Source: Statistics Canada; 2016 Census Profile, 2011 Census profile.



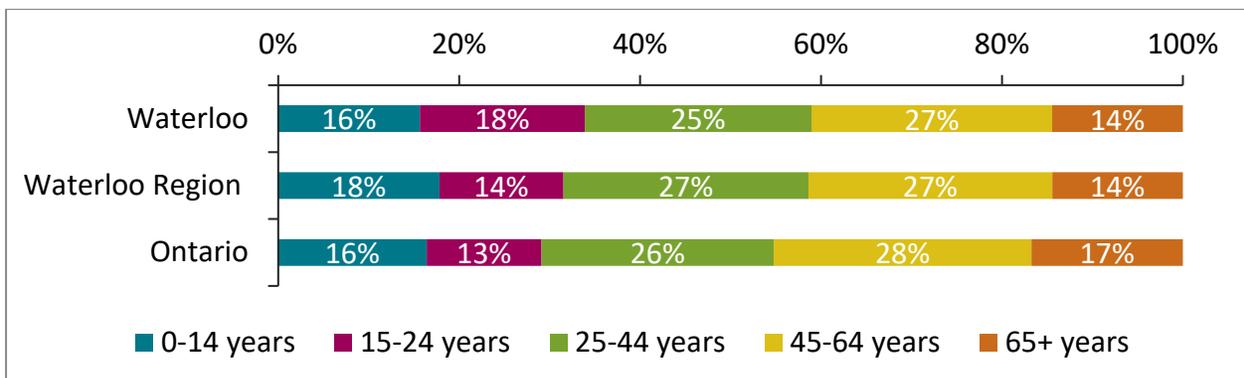
Figure 5 and Figure 6 illustrate Waterloo as a young city. Waterloo’s distribution of persons aged 15-24 is significantly higher at 18% than Ontario’s distribution of the same age group at 13%. This is likely due to Waterloo’s concentration of post-secondary institutions. The City of Waterloo’s distribution of other age groups is similar to the province.

Figure 5 Age Characteristics, Percentage of Overall Population – Detailed Categories



Source: Statistics Canada; 2016 Census Profile

Figure 6 Age Distribution, Percentage of Overall Population



Source: Statistics Canada; 2016 Census Profile



The median age of the population in the city has remained stable since 2011, with a minor increase. Region of Waterloo and the Province’s median ages each increased by a single year in that time.

Figure 7 Median Age of the Population, City of Waterloo

Variable	Waterloo, City	Waterloo, Region	Ontario
Median age of the population 2016	37.7	38.5	41.3
Median age of the population 2011	37.6	37.7	40.4

Source: Statistics Canada; 2016 Census Profile

Dwelling Characteristics

The median value of dwellings in Waterloo increased by 19% between 2011 and 2016, compared to 17% in the rest of the Region. This increase is modest compared to the Province, which saw median values increase 25% over that period. Median dwelling prices were about \$25,000 higher than the provincial median in 2011, but in 2016 they were essentially equal. Median housing prices were about \$50,000 more than the Region overall in 2016.

Rental prices increased in step with the provincial increase between 2011 and 2016.

Figure 8 Dwelling and Shelter Costs for Rented Dwellings

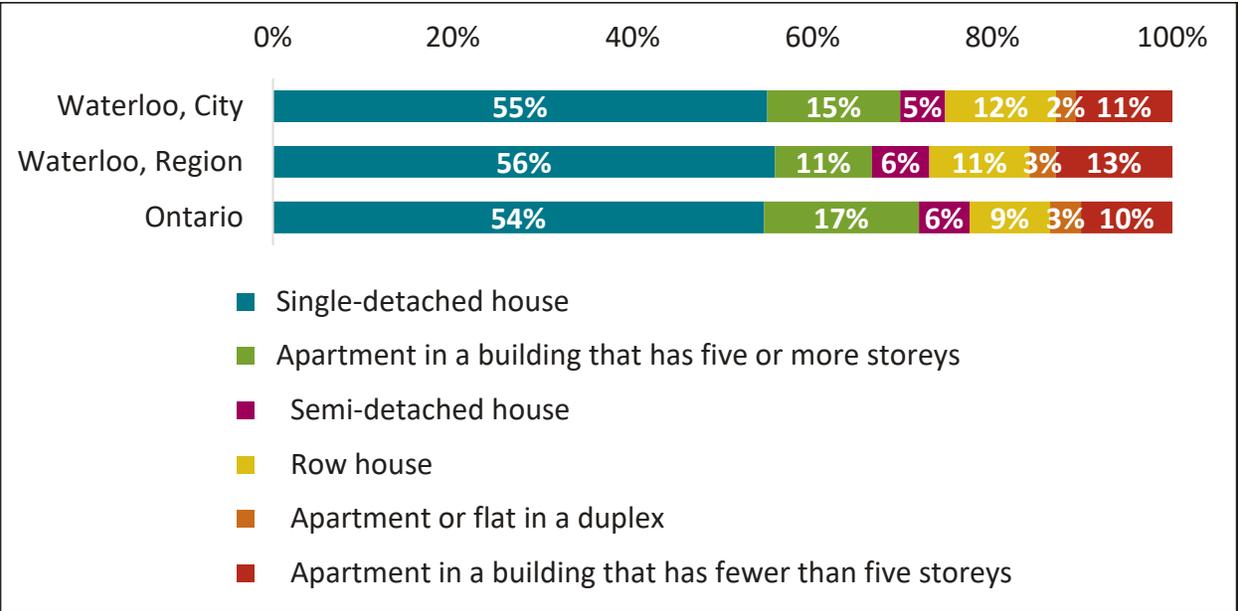
Dwelling and Shelter Costs	Waterloo, City	Waterloo, Region	Ontario
Median value of dwellings (\$) - 2011	\$324,837	\$290,016	\$300,862
Median value of dwellings (\$) - 2016	\$399,997	\$349,845	\$400,496
Change in House Price	19%	17%	25%
Median monthly shelter costs for rented dwellings (\$) -2011	\$894	\$831	\$892
Median monthly shelter costs for rented dwellings (\$) -2016	\$1,050	\$991	\$1,045
Change in shelter costs for rented dwellings	17%	19%	17%

Source: Statistics Canada; 2016 Census Profile



Most dwellings in Waterloo are single detached homes (55%), which is similar to the rest of the Province and the Region, which is a single percentage higher. Waterloo has a higher representation of semi-detached homes and row houses than the Region, which suggests that it is higher density.

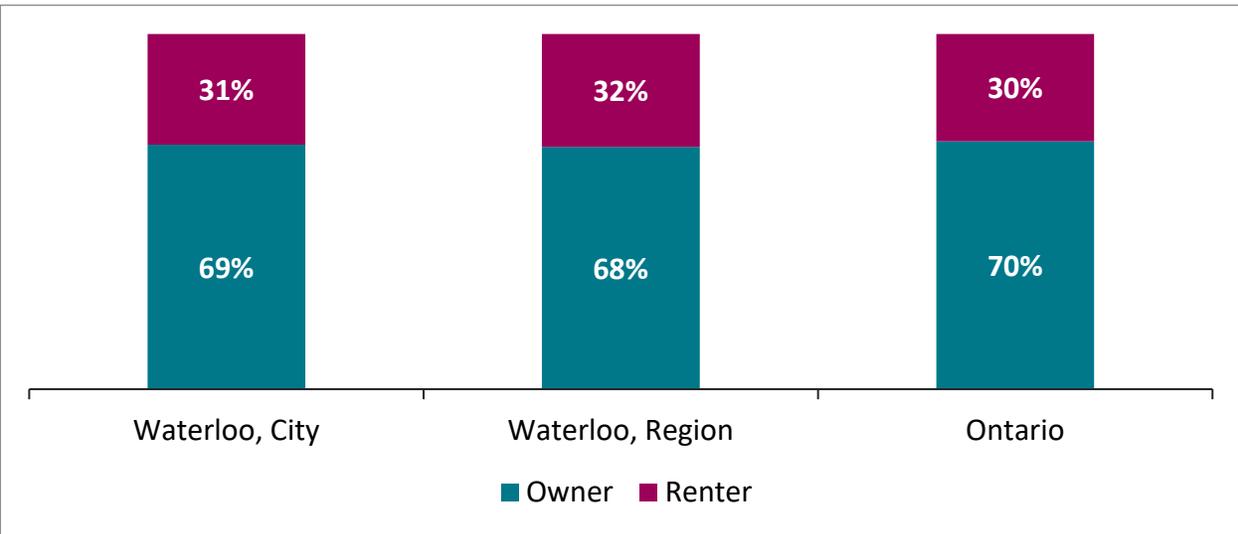
Figure 9 City of Waterloo Occupied Dwellings by Type, 2016



Source: Statistics Canada; 2016 Census Profile

In terms of home ownership, Waterloo’s proportion of renters versus owners is similar to the Region and the Province at a 70/30 ratio, with 69% of people owning their dwellings, and 31% renting.

Figure 10 Proportion of Renters vs. Owners, 2016



Source: Statistics Canada; 2016 Census Profile



Income

The city of Waterloo's median individual income only increased by 3% between 2010 and 2015, compared with Region of Waterloo (8%) and Ontario (9%). It was higher than the Region of Waterloo by \$2,003 in 2010 and higher than Ontario's by \$4,212 in 2010. By 2015, the Region's median individual income had caught up to the city and surpassed it by a small margin. Both remained higher than the province's median individual income by roughly \$2,100 in 2015.

Figure 11 Median Total Individual Income Change 2010-2015

Variable	City of Waterloo	Region of Waterloo	Ontario
Median total income in 2010 among recipients (\$)	\$34,738	\$32,780	\$30,526
Median total income in 2015 among recipients (\$)	\$35,691	\$35,714	\$33,539
Growth Rate	3%	8%	9%

Source: Statistics Canada; 2016 Census Profile, 2011 Census profile.

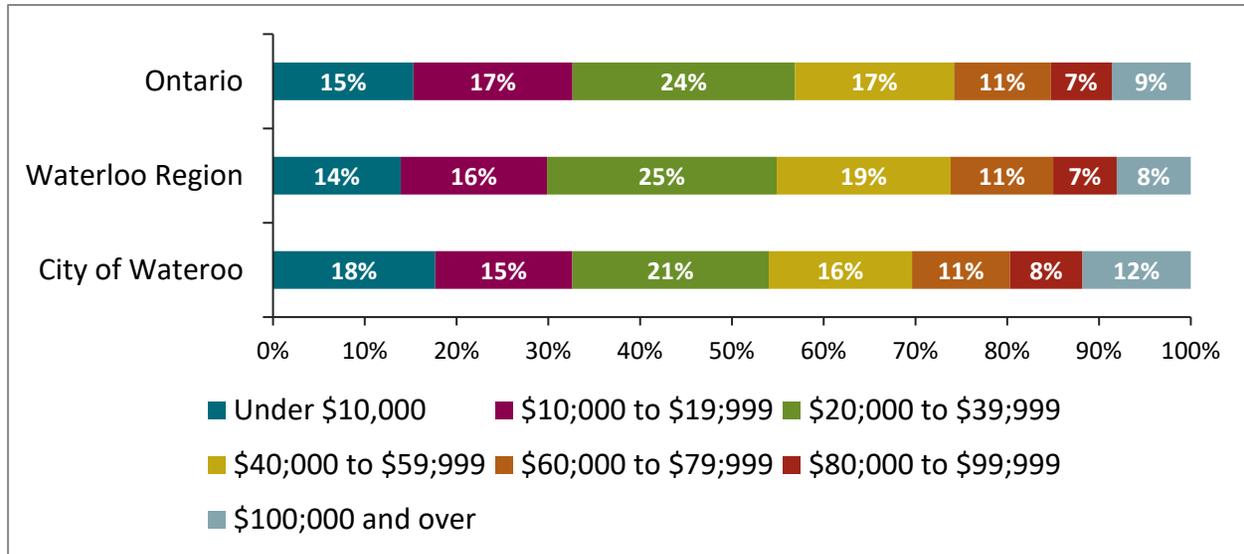
In terms of the individual income distribution, the City of Waterloo's proportion of those earning \$100,000 and over is 4% higher than Region of Waterloo and 3% higher than the province. On the low end of the spectrum, the city's distribution of those earning under \$10,000 is 4% higher than the region and 3% higher than Ontario. The city has a slightly lower proportion of earners in middle-income brackets, with the \$20,000-\$39,000 income bracket sitting at 21% compared with 25% in Region of Waterloo and 24% in Ontario. This may suggest income disparity in the city.

At the regional level, Wellbeing Region of Waterloo found that while the after-tax median income of families in Region of Waterloo (\$81,798) is above both provincial (\$79,531) and national levels (\$76,372), more than 1 in 8 (12.1%) households in the Region are living with low incomes. It represents almost 65,000 people living in Region of Waterloo who is struggling economically. The percentage of the Region's residents that can be classified as "working poor" is 3.2%; that is, individuals under 65 years of age earning an annual working income of at least \$3,000, but an after-tax income below the low-income measure.⁹ These statistics support that income disparity may be a key challenge to explore in the City of Waterloo. Looking at Figure 12, these regional findings are substantiated by the fact that 32% (nearly 1/3) of individuals make less than \$20,000 per year, which is both higher than the region and province. Similarly, 32% of households spend 30% of their income or more on housing costs.

⁹ A Profile of Wellbeing in Waterloo Region. Canadian Index of Wellbeing (2018). <https://uwaterloo.ca/canadian-index-wellbeing/sites/ca.canadian-index-wellbeing/files/uploads/files/waterlooregionreport-ciw-final-accessible.pdf>



Figure 12 Distribution of Income of Individuals, 2015 tax year



Source: Statistics Canada; 2016 Census Profile.

Ontario’s median total income of households overall increased 11% between the 2011 and 2016 census periods, and Region of Waterloo was not far behind with a 10% increase. Meanwhile, Waterloo’s median total household income increased 7% during that period; however, this slower growth is compensated by stronger overall medians in 2010 and 2015 tax years.

Figure 13 Median Total Household Income Change 2010-2015

Variable	Waterloo, City	Region of Waterloo	Ontario
Median total income of households in 2010 (\$)	\$77,626.00	\$69,706.00	\$66,358.00
Median total income of households in 2015 (\$)	\$83,045.00	\$77,530.00	\$74,287.00
% Change	7%	10%	11%

Source: Statistics Canada; 2016 Census Profile

Waterloo has a relatively high proportion of high-income households making \$100,000 and over. At 41% of all households in Waterloo in 2016, the city surpasses the region’s proportion of high-income households by 5% and the Province by 6% in that income category.

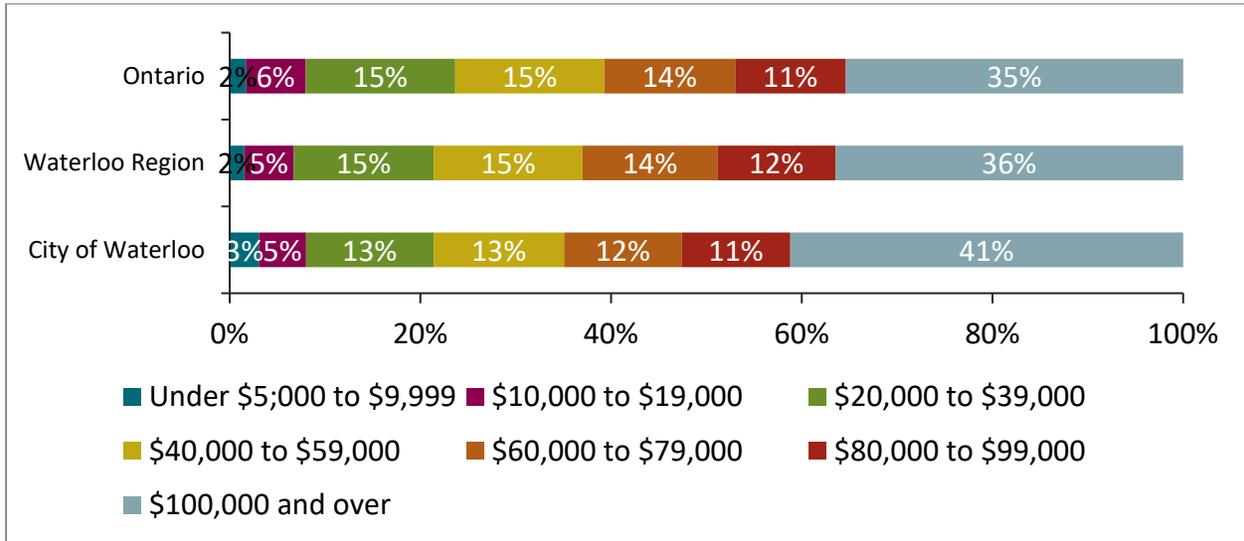
Waterloo also has a lower proportion of middle to low-income households than the Province and the region overall. In the \$20,000 to \$39,000 and \$40,000 to \$59,000 categories, for example, the city of Waterloo’s proportion of those earners is 2% less than the province and region of Waterloo.

The proportion of the highest-earning households in Waterloo has seen a significant increase



since the 2011 census. In 2011, the proportion of those households earning over \$100,000 was only 38%.

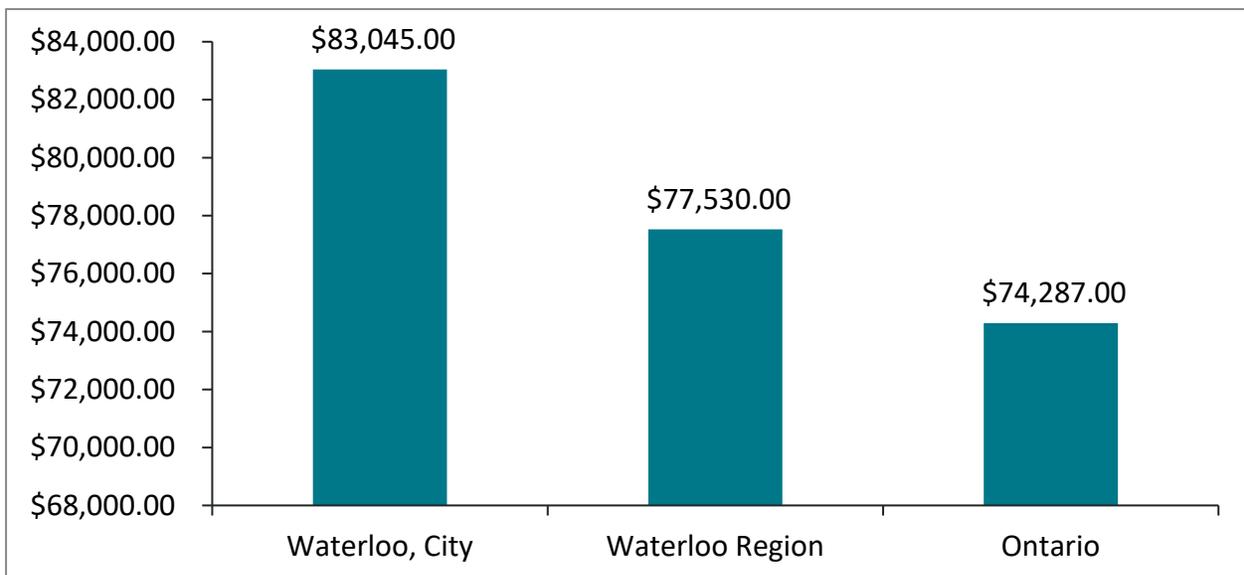
Figure 14 Household Income Distribution, 2015



Source: Statistics Canada; 2016 Census Profile

The city’s median household income is higher than the Region and Ontario overall. Reflecting on the prevalence of high earners, as shown in Figure 14 above, it is evident that the City of Waterloo has a concentration of significant wealth.

Figure 15 Median total income of households in 2015 (\$)



Source: Statistics Canada; 2016 Census Profile



Education

Skilled labour is defined by those who hold a post-secondary or apprenticeship education at minimum. As Figure 16 illustrates, the proportion of skilled labour in the City of Waterloo remained stable from 2011 to 2016, as did Region of Waterloo and Ontario.

Figure 16 Proportion of Population (ages 15 and over) with Post-Secondary or Apprenticeship Education (Skilled Labour)

Year	Waterloo, City	Region of Waterloo	Ontario
Skilled Labour 2011	62%	52%	55%
Skilled Labour 2016	61%	52%	55%

Source: Statistics Canada; 2016 Census Profile

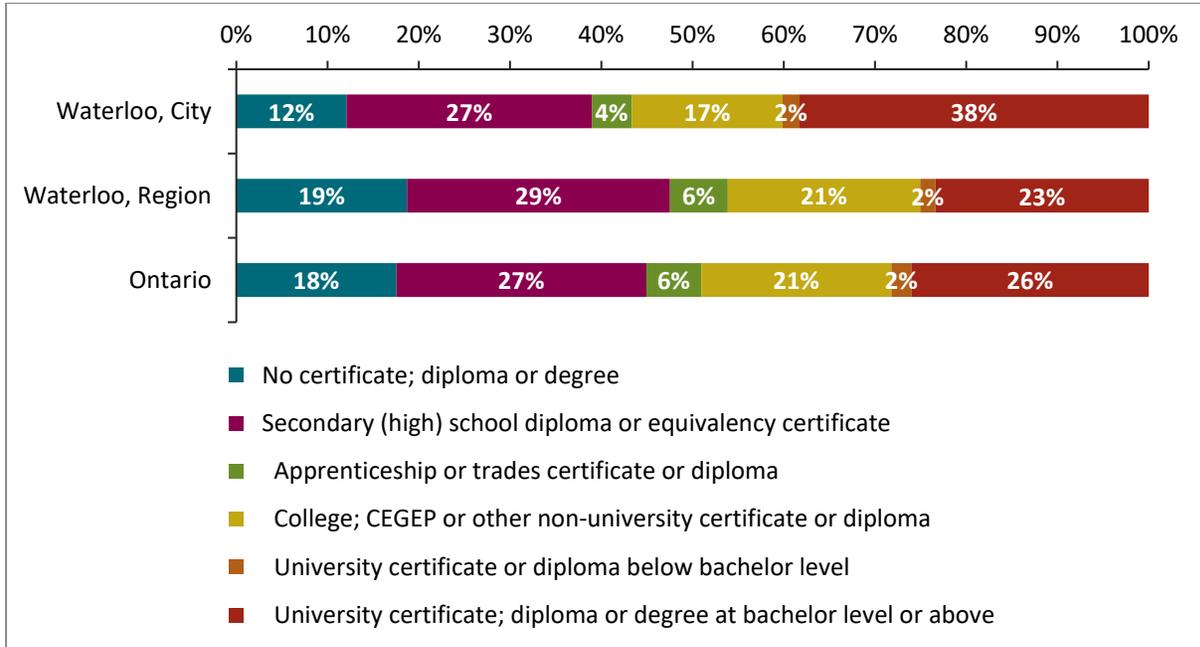
Turning to detailed levels of education attainment, Figure 17 reveals that Waterloo has a higher concentration of university-educated people compared with the Region and Ontario, with 38% of those aged 15 and over holding a university certificate, diploma, or degree at or above bachelor level. That proportion is over 10% higher than the proportions of Region of Waterloo (23%) and Ontario (26%) in that category. Waterloo is a highly educated centre.

In terms of those with college diplomas or apprenticeship or trades certificates, Waterloo has a lower proportion of both of those levels of education. College or other non-university certificate or diploma holders represent 17%, compared with 21% in both the Region and the province. Apprenticeship and trades certificates account for 4%, compared with 6% in both the Region and the province.

There was also a lower proportion of unskilled labour (those with no certificate, diploma or degree) in the City of Waterloo (12%) than the rest of the region (19%) and the province (18%).



Figure 17 Highest Level of Education Attainment (Ages 15 and over), % of the Population – Detailed Categories



Source: Statistics Canada; 2016 Census Profile

In terms of what those people studied in school, the most popular field of study was architecture; engineering; and related technologies (12%), followed by business; management and public administration (11%), and social and behavioural sciences and law (8%).

The proportions of people’s major fields of study do not deviate significantly from the region or the province, with the exceptions of mathematics; computer and information sciences (5%; compared with 3% and 3%); physical and life sciences and technologies (4%; compared with 2% and 2%); and humanities (5%; compared with 2% and 2%).



Figure 18 Major Field of Study (Ages 15 and over), Percentage of the Population

Major Field of Study	Waterloo, City	Waterloo, Region	Ontario
No postsecondary certificate; diploma or degree	39%	48%	45%
Education	3%	3%	3%
Visual and performing arts; and communications technologies	2%	2%	2%
Humanities	5%	3%	3%
Social and behavioural sciences and law	8%	6%	7%
Business; management and public administration	11%	10%	12%
Physical and life sciences and technologies	4%	2%	2%
Mathematics; computer and information sciences	5%	3%	3%
Architecture; engineering; and related technologies	12%	12%	11%
Agriculture; natural resources and conservation	1%	1%	1%
Health and related fields	7%	7%	8%
Personal; protective and transportation services	2%	3%	3%
Other	0%	0%	0%

Source: Statistics Canada; 2016 Census Profile

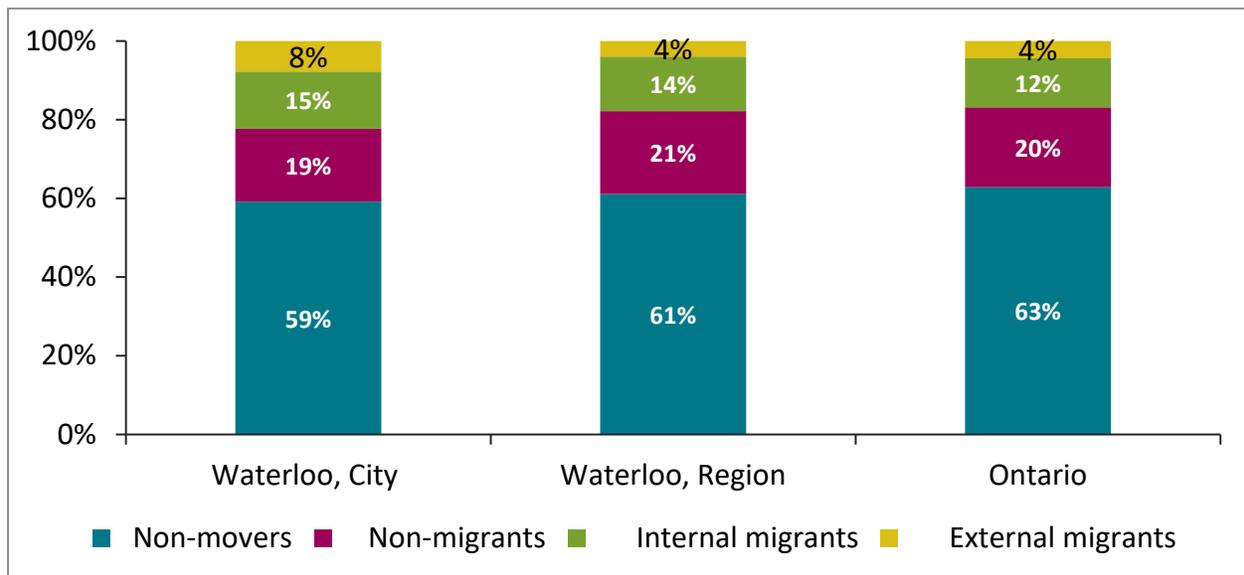


Mobility

The movement of people within a community or to the community from somewhere else constitutes mobility. Statistics Canada tracks this in two ways, by asking if a household has moved within the past year and asking if a household has moved within the past five years. Non-movers are those who have not moved at all. Non-migrants are those who moved residences but within the same city or town. Internal migrants are those who moved within the country, and external migrants are those from another country. As of 2016, most people in Waterloo (78%), Region of Waterloo (82%), and Ontario (83%) had either stayed where they were five years earlier or moved residences within the same community.

Notably, Waterloo has double (8%) the proportion of external migrants (people who moved from outside Canada) than the region (4%) or the province (4%).

Figure 19 Mobility Characteristics Within the 5 Years Preceding 2016



Source: Statistics Canada; 2016 Census Profile



Labour Force

To be in the labour force is to be either employed by either a job or business or to be available and actively looking for work.

Waterloo’s labour force experienced a net gain of 2,060 people between the 2011 and 2016 censuses. That increase translates to about 3.5% growth. That increase is slightly less than the Region of Waterloos increase (4.3%) and the provincial labour force’s increase (3.8%).

Figure 20 Labour Force Size

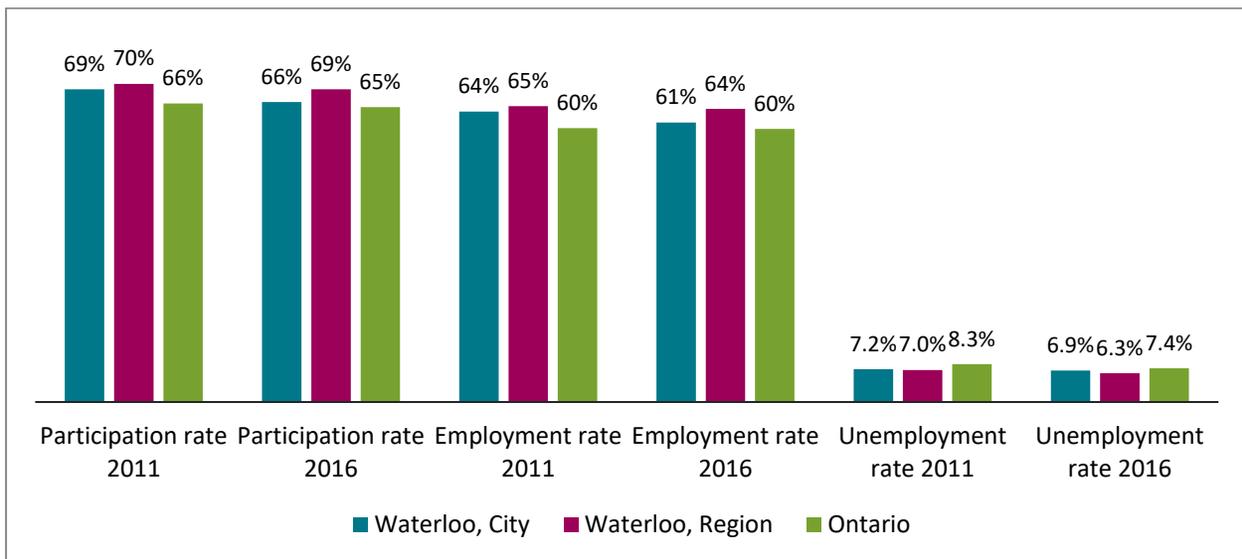
Labour Force Size	Waterloo, City	Waterloo, Region	Ontario
In the Labour Force 2011	55,215	283,680	6,864,990
In the Labour Force 2016	57,275	296,480	7,141,675
Net (+/-)	2,060	12,800	276,685

Source: Statistics Canada; 2016 Census Profile

Waterloo’s participation rate decreased modestly by 3% between 2011 and 2016. The participation rate is pivotal because it captures the proportion of those employed or actively looking for employment of the total people qualified to enter the labour market (aged 15 and over). Therefore, 3% less of the population aged 15 years and over were either working or looking for work in 2016 compared with 2011.

The unemployment rate also decreased between 2011 and 2016 from 7.2% in 2011 to 6.9% in 2016.

Figure 21 Labour Force Status, Percentage of Population



Source: Statistics Canada; 2016 Census Profile



Turning to the class of worker, 89% of the labour force in the City of Waterloo is employees, whereas 11% are self-employed. With only a 1% and 2% percentage point difference, the proportions are similar for the Region and Ontario, respectively.

Figure 22 Class of Worker Ratio

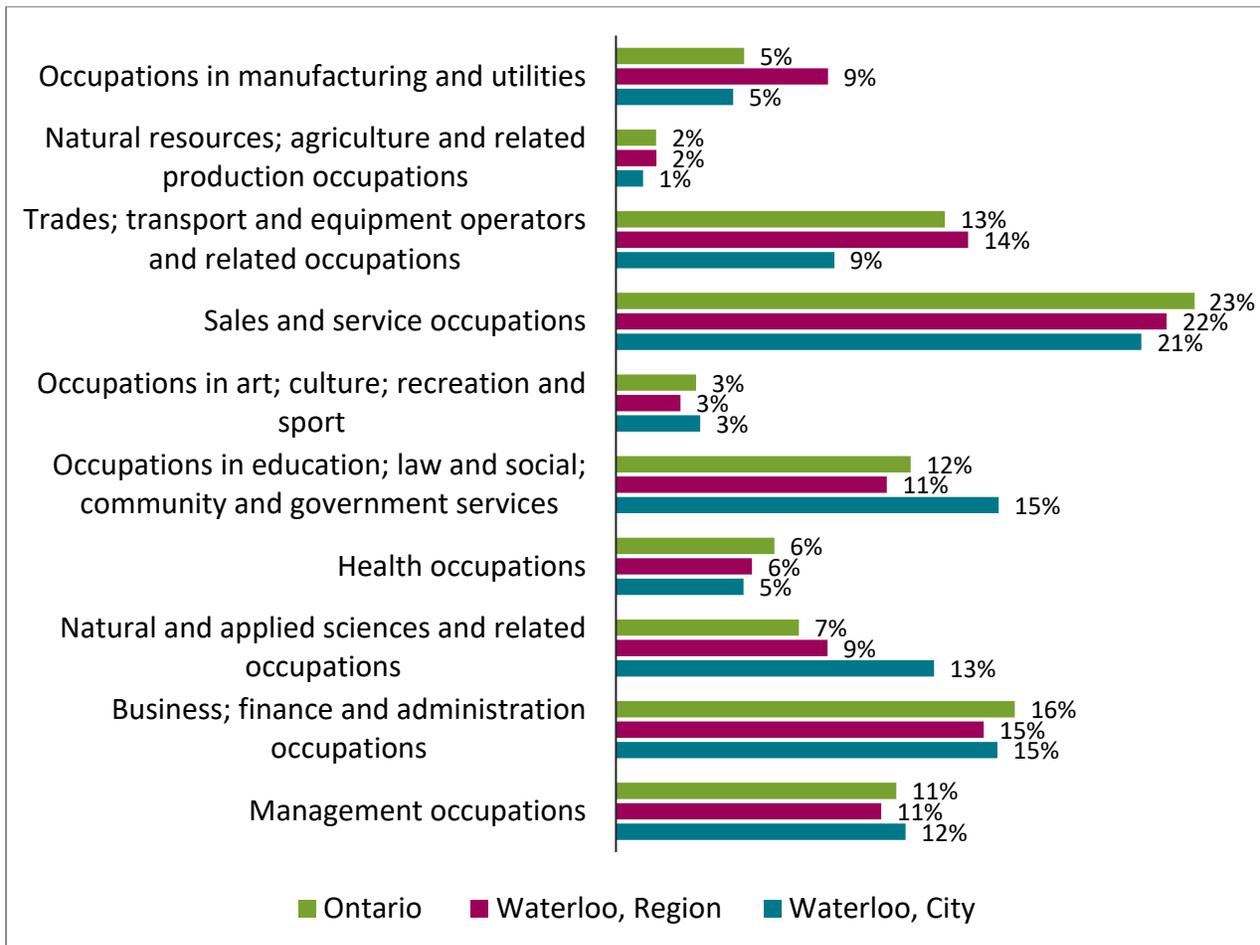
Variable	Waterloo, City	Waterloo, Region	Ontario
Employee	89%	90%	88%
Self-employed	11%	10%	12%

Source: Statistics Canada; 2016 Census Profile

Employment by Occupation

In 2016, the top occupations in Waterloo were sales and service occupations (21%); occupations in education; law and social; community and government services (15%); and business; finance and administration occupations (15%).

Figure 23 Occupations Distribution, 2016



Source: Statistics Canada; 2016 Census Profile



The occupations that experienced the largest increase between 2011 and 2016 were sales and services occupations (+720 occupations). Meanwhile, management occupations saw the largest decline (-215).

Figure 24 Occupation Totals & Net Change, 2011-2016

National Occupational Classification (NOC)	Waterloo 2011	Waterloo 2016	Net Change (+/-)
Management occupations	6,780	6,565	-215
Business; finance and administration occupations	8,675	8,645	-30
Natural and applied sciences and related occupations	7,195	7,210	15
Health occupations	2,700	2,890	190
Occupations in education; law and social; community and government services	8,285	8,675	390
Occupations in art; culture; recreation and sport	1,775	1,910	135
Sales and service occupations	11,190	11,910	720
Trades; transport and equipment operators and related occupations	4,470	4,950	480
Natural resources; agriculture and related production occupations	470	615	145
Occupations in manufacturing and utilities	2,515	2,655	140
Total	54,055	56,025	19,70

Source: Statistics Canada; 2016 Census Profile



Employment by Industry

This section looks at employment by industry according to the North American Industry Classification System (2012) framework.

Looking at Figure 25 below, manufacturing experienced the largest number of job losses Waterloo between 2011 and 2016 (-2,440 jobs). On the flip side, professional, scientific and technical services increased by 1,195 jobs. Overall, there was a net gain of 1,975 jobs across all industry categories. Other notable increases occurred in accommodation and food services (+1,060 jobs) and information and cultural industries (+775 jobs).

Figure 25 Employed Labour Force by Industry (Number of People)

North American Industry Classification System (NAICS) 2012	Waterloo 2011	Waterloo 2016	Net (+/-)
All industry categories	54,055	56,030	1,975
11 Agriculture; forestry; fishing and hunting	230	260	30
21 Mining; quarrying; and oil and gas extraction	25	60	35
22 Utilities	165	230	65
23 Construction	2,315	2,510	195
31-33 Manufacturing	8,370	5,930	-2,440
41 Wholesale trade	2,305	1,935	-370
44-45 Retail trade	6,005	5,635	-370
48-49 Transportation and warehousing	1,045	1,290	245
51 Information and cultural industries	1,555	2,330	775
52 Finance and insurance	5,105	4,840	-265
53 Real estate and rental and leasing	880	1,005	125
54 Professional; scientific and technical services	4,790	5,985	1,195
55 Management of companies and enterprises	60	85	25
56 Administrative and support; waste management and remediation services	1,705	1,935	230
61 Educational services	7,720	8,260	540
62 Health care and social assistance	4,290	4,920	630
71 Arts; entertainment and recreation	770	1,005	235
72 Accommodation and food services	2,905	3,965	1060
81 Other services (except public administration)	1,685	1,965	280
91 Public administration	2,150	1,875	-275

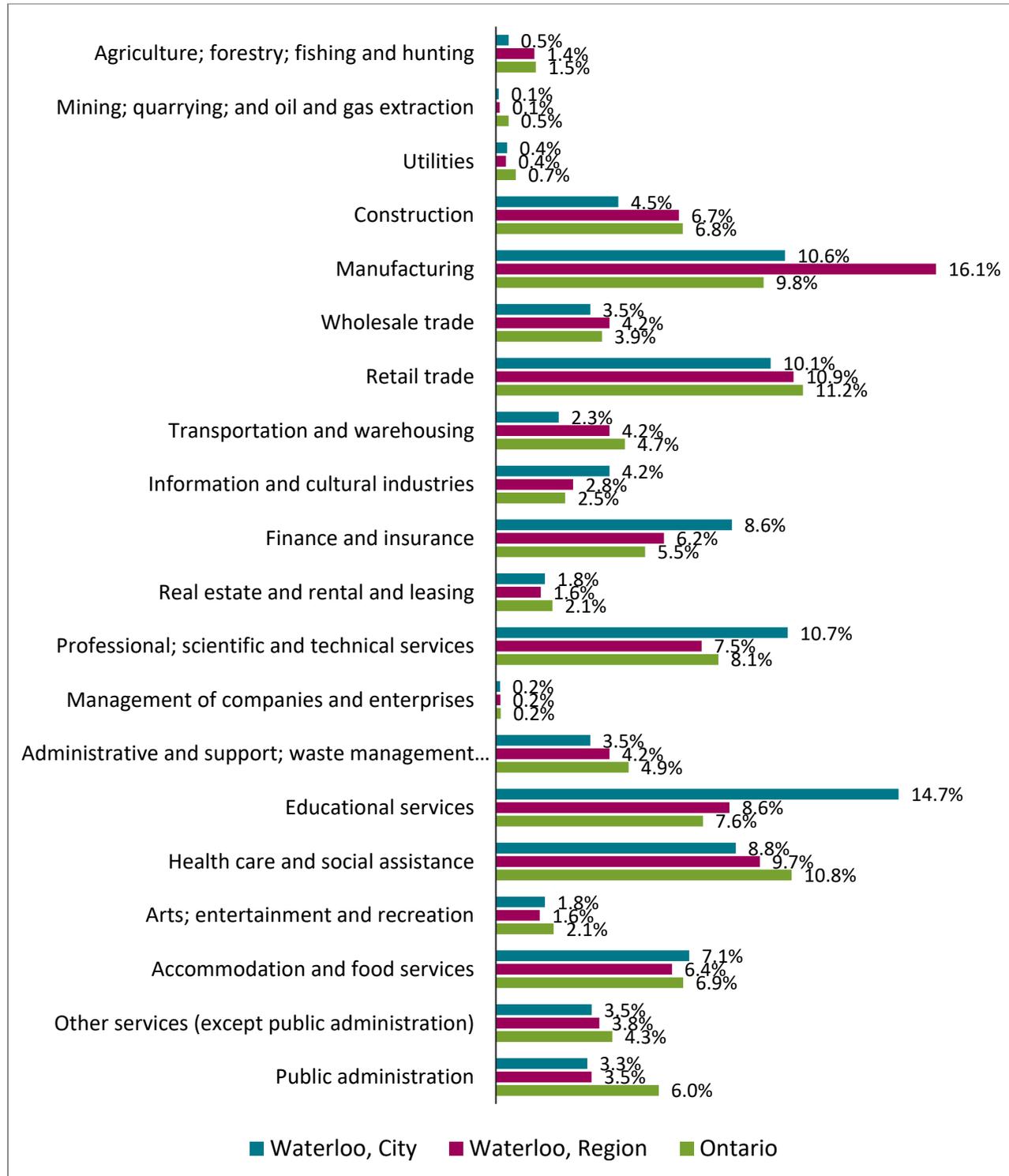
Source: Statistics Canada; 2016 Census Profile

Looking at the distribution of the labour force with its comparators in Figure 26, Waterloo's prevalence of educational services (14.7% of total labour force) is notable as it is almost double the proportion in Region



and the Province. Professional, scientific and technical services (10.7%) comes in second, with manufacturing (10.6%) close behind. Other industries are otherwise like comparators.

Figure 26 Employed Labour Force by Industry, Percentage of Labour Force





Source: Statistics Canada; 2016 Census Profile

A location quotient (LQ) analysis was applied to the labour force data. In this context, it compares the concentration of labour force in a given industry against the proportion of the labour force in the same industry at the provincial level. Categories with 1.25 or greater represent strong concentrations of that industry, while those between 0.75 and 1.25 are considered on-par with the province, and lower than 0.75 are considered non-competitive.

In this case, educational services (1.94) are notably strong in Waterloo, along with information and cultural industries (1.64), finance and insurance (1.58), and professional, scientific, and technical industries (1.31). It is noteworthy that these industries predominantly represent knowledge-based industries. Except for educational services (which is considered stable), all those sectors saw an increase in LQ between 2011 and 2016, particularly information and cultural industries, which had an LQ increase of 0.57. The arts and culture sector, which traditionally includes information and cultural industries as well as arts, entertainment and recreation is of notable strength, with the former increasing in competitiveness from moderate to high (1.08 to 1.64), and the latter increasing from low to moderate (0.66 to 0.85).



Figure 27 Employment Location Quotient (LQ) Analysis – Concentration of Employed Labour Force by Industry

Industry Type	LQ 2011	Strength	LQ 2016	Strength	Change	Trend
Agriculture; forestry; fishing and hunting	0.28	Low	0.32	Low	0.04	Stable
Mining; quarrying; and oil and gas extraction	0.10	Low	0.23	Low	0.13	Growing
Utilities	0.36	Low	0.56	Low	0.21	Growing
Construction	0.68	Low	0.65	Low	-0.03	Stable
Manufacturing	1.48	Strong	1.08	Moderate	-0.40	Declining
Wholesale trade	0.93	Moderate	0.89	Moderate	-0.04	Stable
Retail trade	0.99	Moderate	0.89	Moderate	-0.09	Declining
Transportation and warehousing	0.42	Low	0.49	Low	0.07	Growing
Information and cultural industries	1.08	Moderate	1.64	Strong	0.57	Growing
Finance and insurance	1.73	Strong	1.58	Strong	-0.15	Declining
Real estate and rental and leasing	0.81	Moderate	0.87	Moderate	0.06	Growing
Professional; scientific and technical services	1.16	Moderate	1.31	Strong	0.15	Growing
Management of companies and enterprises	1.14	Moderate	0.86	Moderate	-0.28	Declining
Administrative and support; waste management and remediation services	0.68	Low	0.71	Low	0.03	Stable
Educational services	1.91	Strong	1.94	Strong	0.04	Stable
Health care and social assistance	0.77	Moderate	0.81	Moderate	0.05	Growing
Arts; entertainment and recreation	0.66	Low	0.85	Moderate	0.19	Growing
Accommodation and food services	0.86	Moderate	1.03	Moderate	0.17	Growing
Other services (except public administration)	0.70	Low	0.82	Moderate	0.12	Growing
Public administration	0.58	Low	0.56	Low	-0.02	Stable

Source: Statistics Canada; 2016 Census Profile. Adapted by MDB Insight.



Figure 28 is a shift-share analysis of Waterloo's labour force. The shift-share articulates the factors, which drive changes in employment through three primary considerations:

- Reference Area Growth Effect: The impact that changes in the broader economy at the Provincial level have had on local employment in a given sector, leading to an increase or decrease in local employment. In other words, it describes the impact that changes in the overall Provincial economy are having on a given sector locally.
- Industrial Mix Effect: The impact that changes among different industries of the economy have had on local employment in a given sector, leading to an increase or decrease in local employment. In other words, it describes the impact that changes between different industries at the Provincial level are driving changes in employment locally for a given sector.
- Differential Shift: The impact that regional and local factors have had on increases or decreases in local employment (i.e., changes that cannot be explained by those in the reference area growth effect or industrial mix effect).

The data below indicates the following:

- Overall, changes in the labour force were driven by increases in the reference area growth effect (2,350) – i.e., growth at the Provincial level.
- The major decrease in manufacturing jobs is attributable to differential shift (local) factors, with some impact from changes in the manufacturing industry with an industrial mix effect of -535. That means there is a combination of local and industry factors driving declines in manufacturing in Waterloo.
- The increase in professional, scientific, and technical services is attributable to a combination of local economic factors: differential shift (663), industrial mix effect (324), and reference area growth effect (208). That is, growth is driven by a mix of all three factors, but most predominantly due to changes in the broader overall economy and across different industries.

The shift-share analysis is useful because it helps identify the sectors where economic developers can have the highest impact. For example, for all the sectors that have high differential shift growth, research can be done to see if there is room to continue to support growth in those areas. These include industries such as information and cultural industries and professional, scientific, and technical services. Meanwhile, declines explained most predominantly by regional factors should also be explored, such as in sectors like manufacturing, where 2,269 jobs were impacted by local or regional factors.



Figure 28: City of Waterloo Shift Share Analysis

North American Industry Classification System (2012)	Reference Area Growth Effect	Industrial Mix Effect	Differential Shift	Total
Agriculture, forestry, fishing and hunting	10	-8	28	30
Mining and oil and gas extraction	1	1	33	35
Utilities	7	-25	83	65
Construction	101	226	-131	195
Manufacturing	364	-535	-2269	-2440
Wholesale trade	100	-359	-111	-370
Retail trade	261	-2	-629	-370
Transportation and warehousing	45	29	171	245
Information and cultural industries	68	-85	792	775
Finance and insurance	222	7	-494	-265
Real estate and rental and leasing	38	29	57	125
Professional, scientific and technical services	208	324	663	1195
Management of companies and enterprises	3	51	-29	25
Administrative and support, waste management and remediation services	74	86	70	230
Educational services	336	109	95	540
Health care and social assistance	186	200	243	630
Arts, entertainment and recreation	33	-16	217	235
Accommodation and food services	126	294	640	1060
Other services (except public administration)	73	-70	276	280
Public administration	93	-295	-73	-275
Total	2350	-39	-367	1945

Source: Statistics Canada; 2016 Census Profile. Adapted by MDB Insight



Commuting Patterns

The commuter characteristics and different proportions in Waterloo and comparators are summarized in Figure 29.

Waterloo’s commuting patterns indicate that 49.5% of people who live in the city also commute to work within the city. The percentage of those who commute outside the City of Waterloo but work within the Region of Waterloo is 39.4%.

Region of Waterloo’s commuting patterns indicates that 35.8% of people within that census division commute to a census subdivision (CSD) other than the one they reside in within the Region.

Compared with the Province, commuting between census subdivisions (CSDs) is normalized within Region of Waterloo more than in other parts of the province. Only 16% of commuters in Ontario commute outside their CSD but within their CD. Interestingly, compared with Ontario, those in Waterloo (10.8%) and Region of Waterloo (16.6%) are less likely to commute outside their CD, compared with 25.2% of commuters in Ontario, leaving their CSD and CD for work.

Figure 29: Commuting Characteristics for Waterloo and Comparators

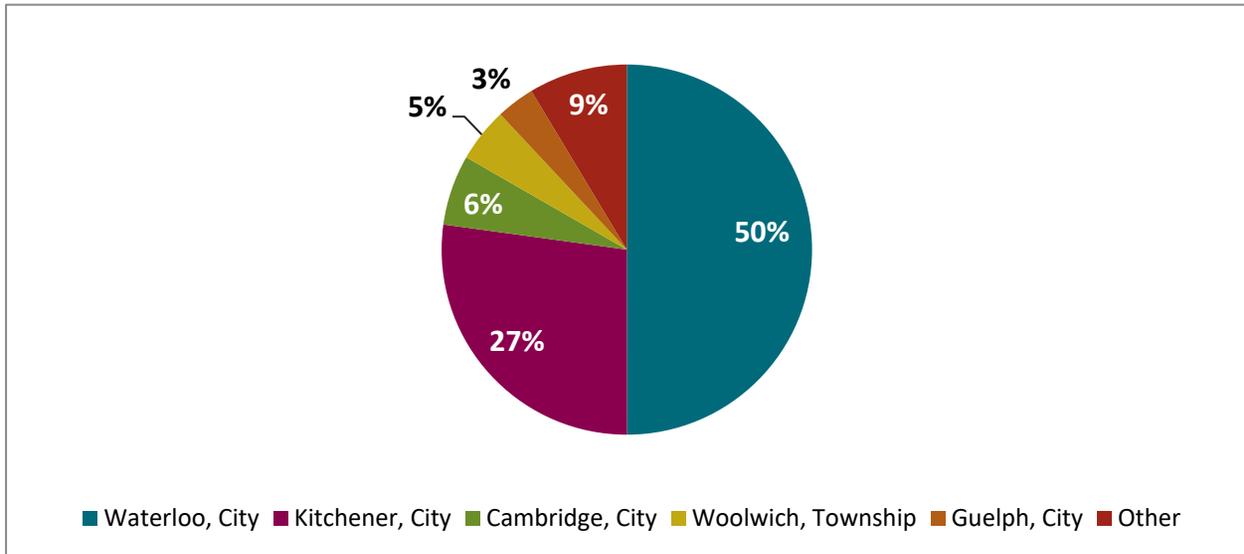
Characteristics	Waterloo, City	Waterloo, Region	Ontario
Commute within census subdivision (CSD) of residence	49.5%	47.3%	58.0%
Commute to a different census subdivision (CSD) within census division (CD) of residence	39.4%	35.8%	16.0%
Commute to a different census subdivision (CSD) and census division (CD) within province or territory of residence	10.8%	16.6%	25.2%
Commute to a different province or territory	0.3%	0.3%	0.7%

Source: Statistics Canada; 2016 Census Profile

Figure 30 shows that half (50%) of people that live in Waterloo also work in Waterloo, but those that leave for work in another community most commonly go to neighbouring Kitchener (27%). The balance of commuter’s head to Cambridge (6%), Woolwich Township (5%), or Guelph (3%) for work.



Figure 30 Workforce Exported from the City of Waterloo



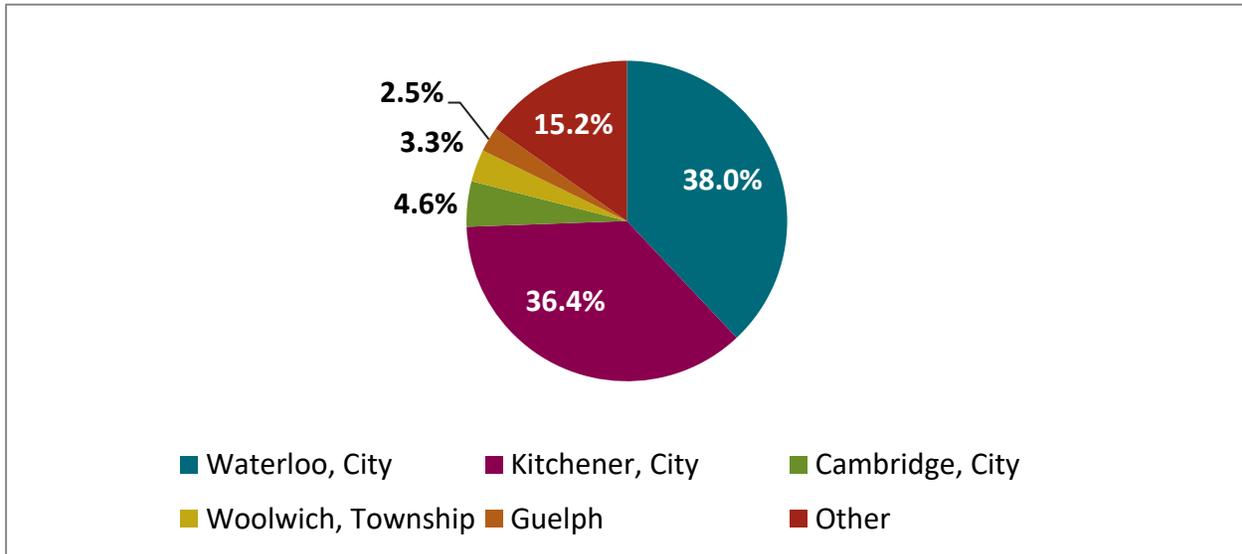
¹⁰ Source: Statistics Canada - 2016 Census. Catalogue Number 98-400-X2016325. Adapted by MDB Insight.

Of the 58,335 people who commute into Waterloo, 38% are already from Waterloo, and 36.4% come from Kitchener which indicates a somewhat reciprocal relationship between workforce import and export between the two communities. Waterloo imports 4.6% from Cambridge, and many come from the surrounding townships.

¹⁰ Other includes Toronto (2%); Mississauga (1%); Wilmot Twp (1%); North Dumfries (1%), etc.



Figure 31 Workforce Imported to the City of Waterloo



¹¹ Source: Statistics Canada - 2016 Census. Catalogue Number 98-400-X2016325, adapted by MDB Insight.

Business Counts

Statistics Canada’s Canadian Business Counts provides a record of business establishments by industry sector and size. This data is collected from the Canadian Revenue Agency (CRA). The Canadian Business Counts data records business counts as either “Without Employees” or “With Employees.” The establishments in the “Without Employees” category include the self-employed (i.e., those who do not maintain an employee payroll, but may have a workforce consisting of contracted workers, family members or business owners). It should be noted that the Canadian Business Counts data use the Canada Revenue Agency as a primary resource in establishment counts; therefore, businesses without a business number or indicating annual sales less than \$30,000 are not included.

Those businesses with employees are further divided into group sizes. The largest group is 500 employees or more.

Focussing primarily on the “Sub-Total, classified” numbers and industry breakdowns, the analysis found that:

- There are more businesses without employees than those with employees in Waterloo, with 3,405 businesses that have employees.
- There are 13 businesses with employees with 500+ employees. These businesses are in manufacturing (1 business); information and cultural services (2 businesses); professional, scientific and technical services (1 business); finance and insurance (2 businesses);

¹¹ Other includes Wilmot Twp (2.4%); Wellesley Twp (1.3%); Toronto (1.2%), etc.



management of companies and enterprises (2 businesses); educational services (2 businesses); health care and social assistance (1 business); and finally, public administration (2 businesses). These sectors are major employers in the City of Waterloo.

- Professional, scientific, and technical services have a variety of businesses in each employee range.



Figure 32 Business Counts in the City of Waterloo by Industry and Number of Employees, December 2018

NAICS Code	Industry	Total	Without employees	Total, with employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+
N/A	Total	12256	8600	3656	1912	681	498	350	112	57	33	13
N/A	Unclassified	1332	1081	251	201	27	10	11	1	1	0	0
N/A	Sub-total, classified	10924	7519	3405	1711	654	488	339	111	56	33	13
11	Agriculture, forestry, fishing and hunting	23	19	4	3	1	0	0	0	0	0	0
21	Mining and oil and gas extraction	2	2	0	0	0	0	0	0	0	0	0
22	Utilities	19	16	3	0	1	0	1	1	0	0	0
23	Construction	730	456	274	155	46	38	27	6	1	1	0
31-33	Manufacturing	310	116	194	66	41	33	25	10	12	6	1
41	Wholesale trade	293	138	155	69	35	26	22	1	0	2	0
44-45	Retail trade	759	308	451	149	130	91	47	18	12	4	0
48-49	Transportation and warehousing	337	258	79	59	11	4	4	0	1	0	0
51	Information and cultural industries	181	98	83	31	13	14	10	7	4	2	2
52	Finance and insurance	1056	842	214	104	31	40	17	6	6	8	2
53	Real estate and rental and leasing	2561	2399	162	114	25	12	5	5	1	0	0
54	Professional, scientific and technical services	1783	1204	579	393	63	52	39	22	4	5	1

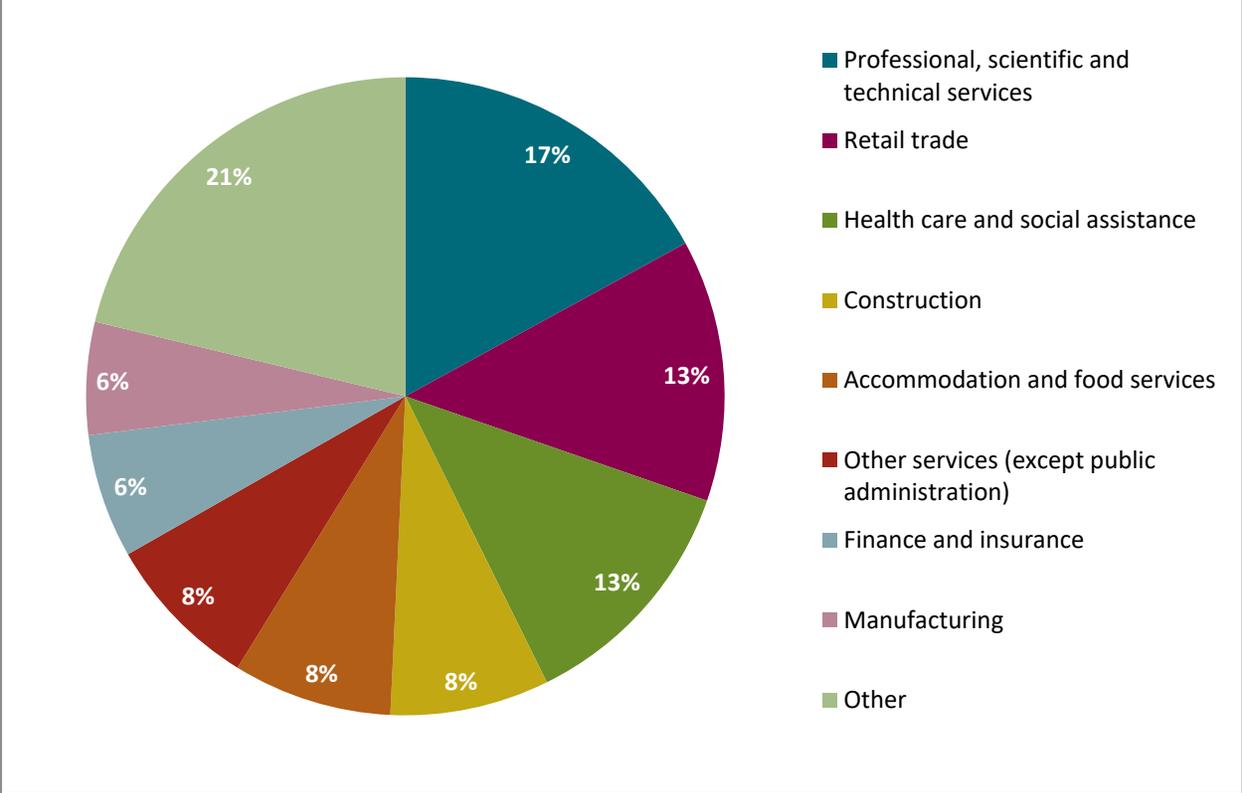


NAICS Code	Industry	Total	Without employees	Total, with employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500+
55	Management of companies and enterprises	158	140	18	2	4	2	4	2	2	0	2
56	Administrative and support, waste management and remediation services	344	218	126	61	28	17	10	6	3	1	0
61	Educational services	168	108	60	28	5	9	11	1	3	1	2
62	Health care and social assistance	1019	598	421	250	92	47	19	5	4	3	1
71	Arts, entertainment and recreation	143	107	36	18	4	6	7	0	1	0	0
72	Accommodation and food services	381	107	274	50	66	62	76	18	2	0	0
81	Other services (except public administration)	655	385	270	159	58	35	15	3	0	0	0
91	Public administration	2	0	2	0	0	0	0	0	0	0	2



Professional, scientific, and technical services have the highest proportion of businesses in the City of Waterloo, as shown in Figure 33 below. Retail trade comes in second at 13% of all businesses with employees in the City, and health care and social assistance (13%).

Figure 33 Businesses with Employees by Industry, City of Waterloo 2018



Statistics Canada. Location Counts by CD/CSD: 3530016 – Waterloo, NAICS 6, and Employment Size Ranges.¹²

¹² Other includes: Real estate and rental leasing (4.8%); Wholesale trade (4.6%); Administrative and support, waste management and remediation services (3.7%); Transportation and warehousing (2.3%); Information and cultural industries (2.3%); Educational services (1.8%); Arts, entertainment and recreation (1.1%); Management of companies and enterprises (0.5%); Agriculture, forestry, fishing and hunting (0.1%); Utilities (0.1%).



Appendix B – Consultation Results

One-on-One Interview Results

The City of Waterloo identified several key stakeholders in the community to be interviewed as part of the Strategic Plan 2019-2022 and its Economic Development Strategy initiatives. A total of 34 interviews were completed with individuals from a variety of backgrounds, including:

- Business Leaders
- Education Institution Representatives
- Local Government Representatives
- Public Institutions
- Not-for-Profit Organizations

Key Findings from Consultations

A variety of perspectives contributed to a broad spectrum of responses to the interview questions. The largest areas of consensus were the strengths of the City of Waterloo, the challenges facing the community, and for what the city is known. Respondents all felt that:

- Innovation, technology, and educational institutions were among Waterloo’s greatest strengths;
- That the community faces a variety of challenges to maintain its position and reputation;
- Maintaining and investing in infrastructure is key; and,
- Quality of life should be a primary driver of economic development activities.

As a leader in our community, what do you see as the community’s top three strengths and greatest challenges?

Strengths

Respondents all felt that innovation, technology, and educational institutions were among Waterloo’s greatest strengths. That concentration of sectors contributes to a diversified economy with lots of fresh ideas. One respondent said that “ideas live here –the mentality is vibrant.”

A common sentiment was that one of the greatest benefits of living in Waterloo was that it is “a small city with the heart of a big city.” Many felt that it was welcoming to newcomers and that



the continual infusion of young people from the educational institutions gives the city positive energy. This contributes to a quality, educated labour force that many highlighted.

Respondents were proud of the city's high profile and reputation. It was felt that the city's proximity to the Greater Toronto Area (GTA) strengthens its position, and its relative affordability makes it competitive from a resident attraction perspective.

Challenges

Respondents identified a variety of challenges, including a range of social issues such as homelessness, crime, mental health, and addiction.

A salient issue was income disparity, exacerbated by a lack of affordable housing and increasing cost of living. A respondent noted that "we think of Waterloo as an affluent place so often that we forget that there are those less fortunate here."

In a related sense, though with broader applicability, some felt that the City's sterling reputation generated a sense of complacency. This theme covered social issues and economic development initiatives primarily.

For arts and culture, challenges include affordable space for artists and arts organizations to rent, patronage, lack of critical media coverage and space to promote activities, and lack of opportunities and career growth in the arts.

Outlook for economic development is generally optimistic, though a shortage of available greenfield development land and aging infrastructure were identified as potential hurdles that needed to be addressed by the City in creative ways. It was noted that the large transient student population puts pressure on local infrastructure. The specifics of that statement were not elaborated.

While proximity to the Greater Toronto Area was identified as a strength, anecdotes about using regional GO Transit to get to Toronto were loaded with frustration. It is "hard to get back and forth." There was a general sense that one of Waterloo's shortcomings in attracting talent is that it does not offer the same level of liveliness and activity that Toronto has. The small-town feel, which was listed as a strength, can also be a weakness, "We're far from Toronto, and it can be boring. [Waterloo] is no longer a small town but it has a small-town feel, it's hard to attract people."

Finally, the Region of Waterloo's tiered system of government carries its complications. There was frustration with duplication and red tape among Region of Waterloo's municipalities. There were also challenges around access to capital and funding for programs.



What are the greatest challenges and opportunities facing your sector in our community? Are there unrecognized opportunities or emerging opportunities that we could be leveraging either together or the City on its own? What is unique with having your business/organization located in the City of Waterloo?

Responses to this question varied, as the stakeholder group represented several interests. Across those perspectives was the theme of responsible and sustainable growth. There is a consensus that Waterloo's growth is beneficial but comes with inherent challenges that were unique to stakeholder respondents' fields.

Infrastructure and affordable housing access covered significant ground. The essence of the statement "infrastructure is a municipal challenge, and we need to maintain what already exists, as well as develop, to support growth" rang throughout. Specifics of infrastructure challenges were the age of infrastructure – rebuilding stock from the 1950s and 1960s – and addressing and challenging the fact that tax levies had stayed under 2% for a significant period despite inflation and growth. A proposed solution to the affordable housing challenge was inclusionary zoning, which would allow a mixture of high- and low-income units.

In general, efforts to reduce siloed thinking were celebrated across sectors as opportunities. Several stakeholders participated in recent Smart City initiatives with Region of Waterloo – a competition to encourage communities to innovate around pressing challenges. There was interest in "leveraging the power of the players who came to that table to look at the solution[s]" and working collaboratively. "We'd like to strengthen the connections between various agencies that work in concert to support...wellbeing." This theme was extended to greater engagement from community leaders.

Arts and culture organizations/businesses want incentives for landlords to offer space to cultural industries at affordable rates. They are also in search of resources to develop business skills, and finally, they want to see more funding for the arts from different sources: levels of government, private sector-driven events, media, and post-secondary institutions.

Organizational representatives from not-for-profits and start-up businesses expressed that they could benefit from further access to capital.

A standalone opportunity that stood out was attracting domestic students to the City of Waterloo's post-secondary institutions. It was stated that there was "no major problem attracting international students." External communication on the part of these organizations was another standalone challenge that was mentioned. Ensuring people knew where things were and what was going on was an ongoing challenge.



What do you value most in your relationship with the City of Waterloo as an organization? Are there ways you and your organization wish to further develop a relationship with the City of Waterloo?

Nearly all respondents highly valued “ongoing collaboration and support” and “approachability and accessibility” in their relationship with the City of Waterloo. “My impression that I can really reach out to just about anybody from the regional Chair, to the Mayor, to one of the Councillors, and we will get a response. There is a sense of recognition of the roles and the relationship that we share.” The City was commended for its forward-thinking council and staff, and its openness to collaboration. Organizations were pleased with any financial support they received from the City and recognized that budget constraints were a reality.

Representatives from educational institutions were generally pleased with “Town and Gown” relations. They felt included and engaged with the City’s strategic directions. One respondent reflected that there was “ongoing support of education as being a big part of the community.... we need to be closely connected with the city to ensure we align with the strategic plan.”

Are there ways you and your organization wish to further develop a relationship with the City of Waterloo?

Nearly all of the respondents indicated the current atmosphere of collaboration was essential to maintain. There were some specific issues that partner organizations felt the City should pay further attention. Those included:

- Better understanding the city’s role in housing and homelessness issues, growing inequality;
- Increasing number and execution of joint initiatives; and
- Better two-way communication.

What do you think will be the most dramatic economic changes or transformations that we will experience in the next decade or so? Why?

Most respondents felt that key demographic, political, and technological changes would have the largest impact. Special attention was paid to the role technology would play in the changing economy, especially with Waterloo’s high concentration of tech firms. Many suspected that creative jobs and the creative economy were going to be the way of the future for the city, especially since the City lacks greenfield development sites.

Some noted the rising cost of housing was slated to continue, and that would have significant impact on Waterloo’s accessibility. Others projected that “most of our economic growth is going to be through immigration,” having witnessed the correlation between Waterloo’s recent economic growth and the influx of international migrants.



Respondents thought the LRT was a trigger for intensification that “will shape growth over the next 5 to 10 years.” Some felt that if amalgamation throughout Region of Waterloo were to move forward, it would have a major impact on the City’s economic future. Many businesses do not distinguish between the hard-municipal boundaries.

How should the City should be planning to address these?

With regards to changes in technology and its impact on Waterloo’s economy, one respondent said, “we do enjoy the reputation [we have] as an innovation leader, so I think we would do well to keep those thinking networks alive and well.”

Some participants raised the topic of amalgamation regarding addressing some potential issues such as housing or growing inequality. Others pointed to a need for Waterloo to take greater ownership in resolving these issues.

Numerous respondents said that improving transportation to the GTA was essential. Many pointed to some of the City’s current transportation improvement projects, like the LRT, as good examples of what the City was currently doing that needed to continue.

In a broad sense, many felt that focus should be given to best practices and collaboration. Finally, advocacy at the Provincial and Federal levels was also perceived as an important component for addressing major economic changes.

If what we (your organization and the City of Waterloo) do together matters, over the next four years what are the most impactful things we could do together that would matter?

There was a wide range of responses to this question. Some key themes were:

- Develop new housing (affordable, student and multi-unit);
- Develop more space for arts and culture, including public space and rental space;
- Develop/maintain infrastructure (broadband, transportation, stadium);
- Development of an innovation strategy;
- Advocacy at the Provincial and Federal levels; and
- A long-term plan to reach greenhouse gas reductions.



What types of physical infrastructure do YOU see as being essential to future prosperity in the City of Waterloo? Why? What about social factors like social networks, social capacity, etc.?

There was a variety of infrastructure assets the respondents saw as essential to the city. The maintenance of current assets was important to many stakeholders. Investment in an innovative solution to the development of land shortage was a common response, which usually involved considering intensification and increasing density.

Environmental services (water and sewer, landfills, material recovery facilities) and transportation infrastructure were often perceived as having equal importance.

Broadband infrastructure was perceived as important insofar as it needed to be kept at the cutting edge to maintain the City's position as a tech leader.

In terms of social networks and capacity, at this point, respondents began to reflect on the importance of quality of life and leisure amenities. "People want a way of life as well as work. Being able to combine those two is a huge opportunity." Many respondents reflected the need for an increase in the delivery of social services. "The social support services need to be there. We have an opportunity to bring social services together so that we can move together."

What role do you think the quality of life --- or some refer to it as the quality of place --- should play in our future planning for economic development? For the broader community development?

All respondents agreed that quality of life is an extremely important aspect of future planning and economic development. Many stakeholders felt this is an essential component in attracting and retaining residents. "[It's] extremely important. If we can't manage to develop for the sake of quality of life, then I'm not sure why we're pushing for more development." A handful of other quotes that reflect that sentiment are listed below:

- "I do think it contributes to wellbeing. Ensuring there is an opportunity to enjoy a good quality of life – parkland, rec facilities, things that allow us to have balance in our lives are extremely important."
- "It's important. Most importantly, with the changing workforce. Millennials want work/life balance. The types of space/transportation they require...bigger cities are much further ahead with that."
- "It's huge...we struggle to understand the new demographic of workers. They don't want to be working 60 hours a week."
- "I think it is critical. I think the city and the region are competing for talent and businesses...We need to create a place that people would choose to live in, and businesses would choose to locate in. "



- “It’s got to be the top of the list.”

How well do you think the City of Waterloo is situated on the human resources front?

Respondents had mixed responses on this question on both ends of the spectrum. Some felt that nearly all industries are experiencing shortages of talent. On the other end, many felt that the city is well situated and producing more than enough talent to meet the needs of the community – one stakeholder referred to the healthy talent pool as an “embarrassment of riches.”

On the scarcity end, some stakeholders said, “[it is] difficult to find good people,” and “every industry is looking for people. There are job shortages across all industries.”

Retention of university graduates was a common theme among answers to this question. “There are recruitment challenges in the tech sector. As fast as the university can produce them, they are picked up here as well as elsewhere.” One stakeholder said, “we need to do a better job of trying to keep [graduates] here.”

There was also mention of difficulty in recruiting for senior positions. “It’s hard to attract those senior positions that they have to recruit from elsewhere.”

What are the most significant skills or education gaps?

Respondents were widely split on this question, with many asserting, there are no gaps while others raised specific individual gaps. The most common of which was high school graduation rates. Another common issue, as stated above, was the retention of students in the region after they graduate. Some statements that captured those responses were:

- “Getting people to stay long enough to get to the mid-manager level. There is a challenge to finding high-tech people who want to stay here.”
- “Economics...internal relations and law.”
- “Lots of gaps in the service industry.”
- “Waterloo has the lowest high school graduation rates, so we’re importing people, but getting them [to] stay is a problem.”

Are there barriers to talent locating to the City of Waterloo community (housing, transportation, etc.)?

The most persistent answer to this question was housing. Housing affordability and shortages were perceived as making it difficult to attract new, especially young talent, to the City. “My



[adult] kids live in Kitchener, and most young people end up making that move. It's too expensive here for them, and it's getting worse."

Transportation was another common theme, especially transportation to and from the GTA. It was felt that the type of talent the City was trying to attract preferred to be in a larger city, like Toronto. The lack of a dynamic culture/lifestyle and entertainment, compared with Toronto, were perceived to be limitations to attracting talent.

In your experience, is the relationship between business and education proactive? Are there gaps in informing curriculum and skills development, and supporting experiential learning? What can be done to strengthen this relationship? Who needs to be involved?

Most respondents indicated there is a very proactive relationship between business and education. A few outliers suggested that more could be done on both sides of the equation.

Many felt that at the post-secondary level, colleges were leading in their partnerships and experiential learning initiatives, versus universities. It was stated that overall university and business relations and partnerships were good, though. One respondent indicated that "it's an ongoing challenge, and you'll never fully be ahead of the industry trends."

Thinking ahead ten years, if Waterloo is the place to be what are we known for?

Respondents, for the most part, agreed that they want to maintain Waterloo's reputation as an innovative, education, and technology-driven community. Some notable visions were:

"It'll always be known for tech and education. We can change things in terms of making it a broader place – it needs to be cutting edge."

"Canada's high-tech region, known for new ideas and innovation that make the country prosperous."

"Innovation, taking risks, thinking outside the box."

"Innovation and quality of life. The notion that you're at the heart of an innovation centre where you can enjoy a strong quality of life, where you can enjoy downtime as well as work time."

What must we collectively create or do to make that a reality?

Most respondents indicated key infrastructure maintenance and investment, community collaboration, and supportive social services are all required to support their vision for the future of Waterloo. Some common themes were:



- Improve access to housing (new development, density, affordability).
- Reduce homelessness and improve community services.
- Investment in infrastructure.
- Increasing support for arts and culture industries:
 - “Open up the idea of what innovation is and welcome other people to make that claim. Sustainable innovation. Art innovation., etc.”
 - “Bring Arts into the STEM emphasis, so it becomes STEAM.”
- Improving the quality of life and quality of place assets (vibrancy of offerings, reputation for arts and culture).

Focus Group Workshop Results

Two different focus group discussions were hosted. One was with internal municipal staff and the second with external stakeholders from outside the City of Waterloo. The results of both sessions have been integrated into a single analysis. They are presented below according to the questions asked.

What has been the key economic development focus over the past few years?

- Arts and culture – important vital part; really been focusing on building relationships within our sector and with other sectors; partnerships; collaboration; a deficit in arts and culture sector and there needs to be an ecosystem developed to support these economic development aims
- Absorbing all the vacant space – we worked to fill 1.5 million square feet space
- City strategic initiatives – facilitate investment; fine-tuning zoning by-laws; reposition of City-owned lands
- Providing meaning – connecting our work to other things that are going on; working with professors to get students to create work that ends up at our events
- Student resident programs – engaging; support tech sector with retention and recruitment
- Nurturing growth of start-up ecosystem (economic development investment funds) – Collaborative eco-system – strong networks
- Small business growth –immigrants and refugees create small business opportunities; university commercialization; people moving from Toronto and starting businesses; an explosion of entrepreneurs in the tech sector; diverse economy in knowledge, tech, and health



- Land development - employment focus
- Capacity building – business growth (land development); employ others to do things – training programs, sharing processes, resources to help organizations do more and do better
- Increase focused on the importance of vibrancy - shift to why we do that and how it supports talent attraction and retention
- Collaborating and supporting regional economic development – Toronto Waterloo Innovation Corridor
- Helping small businesses – particularly manufacturing; helping with the expansion
- Low vacancy rates within the city – availability at the regional level; companies would like to stay local; could be site, zoning, or availability issue; hard to get land and buildings
- Waterloo retention of talent - talk to [name redacted] on the workforce side for manufacturing jobs – skilled trades; there has been a focus on talent attraction and retention; Waterloo is a net producer of talent, will always export some talent, the important consideration is ensuring that local companies have access to talent; we need to understand what we can control and influence and pick those factors to focus on.
- New investments - in Uptown and public spaces
- High-rise apartment buildings - residential development
- The focus has been on the LRT and public transit system - increase access at a relatively low cost; it was a huge investment for the city
- Not enough senior talent in the tech companies that are here - we are a strong producer of fresh talent, but we have a shortage of leadership type talent

What major trends have emerged over the past three years?

- Manufacturing Innovation Network (MIN) – workforce access is a major issue across most sectors, manufacturing specifically
- Lack of talent in creative sectors - “Town and Gown”; talent attraction and retention sub-committee (city and university/college committee); retention of talent is challenging; exodus of talent, 80% of realtor clients external to the region prefer Waterloo to other cities in the region; there are efforts to make the city more appealing to younger demographics, and there is a need for a vibrant 24-hour city; need to understand the needs of emerging workforce in terms of how we communicate / engage “Won’t pick up The Record. How do we engage with them on their twitter feeds?”; we need to ensure that we are not neglecting some elements of the population and focusing exclusively on younger population



- A shift towards small office leasing - we have historically had a large lease community; now we have a lot of requests for smaller spaces
- Increase in cost of space – more expensive to rent; land pricing has doubled in eight years in the Uptown; housing prices are increasing about 8% year over year; affordability is a challenge – 77% of all housing built since 2010 have been apartment buildings (about 60% of these are in the university area); ground-level retail is being used more; increasing housing costs now comparable to Toronto which, impacts attractiveness; affluent neighbourhoods are becoming homogenized despite the diversity of the community as a whole; affordability needs to be considered for all members of the community; cost of arts space for exhibition and work is forcing artists to consider relocating to other communities that are more affordable
- Shift to mixed-use buildings – Uptown trend; this type of development is required to be a catalyst to unlock the lands for investment around the new LRT; increased density of city-core
- Development around the LRT – how is development emerging around the LRT stops; community improvement plan (CIP); address Uptown development; CIP put in place to help businesses that were negatively impacted through the construction phase
- Increases in incubation facilities
- Importance of amenities – arts and culture offerings; making them accessible in industrial areas and in places where people that buy art or publicly consume it are likely to go
- Business is moving to online - due to increased costs, or they are leaving the region
- Communication has changed – how we talk at, to, businesses and we need to better respond; utilization of social media; economic development is not nimble because it is the municipal website

What are the biggest changes (positive or negative) affecting the sectors you work with?

Positive:

- Incubation ecosystem has been developed and strengthened
- Manufacturers are expanding
- New restaurants; refugees starting new restaurants – cultural perspective; increase in the food business
- Tech is growing
- Arts and culture finally gaining attention
- Social enterprises growing

Negative:



- Cost to find space and afford it; development charges are impacting developers and resulting in changes in levels of affordability because of the level of restriction; housing costs
- Lack of land and building in Waterloo – continuing issue and growing challenge; zoning is a challenge
- The commute in and out of the Greater Toronto Area
- The speed at which change is occurring – things are changing quickly, and it is difficult to be nimble enough
- Rates are different between hydro boards – Kitchener versus Waterloo
- The insurance industry is declining; technologies are improving efficiencies; Manulife moved out of a 130,000 square foot building; layoffs are happening
- Talent (unspecified)
- Provincial funding - this community relies quite heavily on provincial funding; provincial decrease in funding places pressure on municipalities to maintain development; having a big impact on the culture sector and non-profit sector
- Changes to the United States tax structure has reduced competitiveness
- Women in leadership positions – Waterloo is much lower [than other places]

Where do you see the biggest opportunities for economic growth, and what do we need to do to capitalize on them?

- Tech – opportunities for growth – medtech; artificial intelligence (AI); security; data; cleantech (just invested in a cleantech incubator); increasing automation that needs to be integrated into the planning
- Makerspace – support small business; asset building; culture – maker community is a growing opportunity
- Social Enterprises and non-profit – opportunity to target the non-profit sector as a growth sector; social enterprise businesses; some national head office attraction
- Community Improvement Plan (CIP) – goes to the end of 2020; that is an opportunity to examine what it looks like after 2020; how can it support small businesses to improve their spaces; this is an Uptown program only
- Place-making – make this place as attractive as possible
- Leveraging the R+T Park (Ideas Park) has significant opportunity for new development with amenities, services; Economic Development should work with Planning, etc. to change the planning constraints that restrict what is in this park; by changing the rules we can change what is in there; research policies and by-laws that may be restrictive



- Connecting tech and artisans - create partnerships to bridge gaps
- Leverage the quantum valley experience – Perimeter Institute; they also have significant grants
- We have low rates of retention for students who come from out of town; attract more international students (leverage restrictive immigration policies in the United States)
- Climate change adaptation - greatest insurance losses are from flooding, start looking at ways to prevent that; can the city take a leadership role in stimulating these activities?
- Increased transportation opportunities to the GTA
- Need to plan for the aging population and retaining those financial/skill resources in the community

What key initiatives are best addressed or undertaken at the regional level? Which are best addressed locally?

Regional:

- FDI – it sits there today
- Investment attraction
- Component of BR&E – large employers – the region supports this
- Environmental issues and climate adaptability
- More communications of the brand and define what Waterloo is known for around the world
- ION – operating the ION is regional, but activating the spaces around the stations is City

Locally:

- Support local businesses; concierge services; BR&E – small businesses; small business support
- Arts and culture
- Policymaking/influencing
- Land development; neighborhood development and supporting stability and diversity

What do you think are the significant threats that may compromise Waterloo's ability to succeed? Are there external issues that could compromise Waterloo's ability to succeed?

- Government and Policy: instability of governments; provincial and federal debt, lack of capacity to have effective discourse; two-tier government structure is complex, challenging



for development, and there is ambiguity about who should be taking the lead; global economic shifts and tariff wars; immigration policies that impact the transition of employment and permanent residency

- Development and building: construction costs are driving project costs (aluminum, steel, etc.) – projects are being eliminated or downsized; neighborhoods around the Uptown area, new development is not always desired; building height is not desired; land availability; aging infrastructure
- Talent access: attracting talent; leadership attraction for senior talent; skilled talent attraction; unskilled talent attraction for the manufacturing sector; footprints are getting smaller – people are working from home
- Quality of life: housing choices and lack of imagination about how to intensify; better transportation in and out of the region; competition with Kitchener – lots of growth and movement to Kitchener
- Economic planning: need a better understanding of whether the red tape is an issue for businesses choosing not to set-up in Waterloo; need to have vision and a mission; otherwise you do not have a strategy; need a clear value proposition
- Other: infrastructure that is not ready for any significant climate change