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City of London

London Community Economic Roadmap – Technical Report

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1 Introduction

London's economy has changed considerably over the last several decades. As with other communities across Canada, the city's traditional sources of employment and economic growth in goods-producing sectors continues to slowly be replaced by new, and often fundamentally different, sources of growth and prosperity in more service-oriented areas of the economy. The resulting economic reality mandates new approaches to economic development planning - approaches that encourage and promote opportunities that allow all residents to benefit from the continued progress made in the economy.

These approaches often find the greatest success when community based. That is, strategies that are more holistic in nature, coordinating and guiding the activities of a broad range of organizations and community partners that have an influence on the economic success of a city. Though the City of London, London Economic Development Corporation and the London Chamber of Commerce can play a lead role in the implementation of the Community Economic Road Map, success will ultimately rely on the ability of these organizations to coordinate and orchestrate the actions of a broad range of community based organizations that influence economic, social, and environmental activities. London's Community Economic Roadmap is intended to create a broad set of objectives to guide that progress, and create specific actions that will guide the community in its pursuit of economic success.

The London Plan draft expects growth of 77,000 new residents and 43,000 new jobs over the next 20 years. In order to accommodate that growth, the Plan intends to set the framework for addressing issues like managing the cost of growth, meeting the needs of changing demographics, developing effective and efficient transportation, addressing changes in the economy, protecting farmland, addressing climate change, and shaping the city for prosperity.

The Community Economic Roadmap works in partnership with the London Plan draft to achieve and absorb that intended growth. Most notably, the Plan sets out the framework to ensure that the city evolves with a strong enough economic base to generate the services that support its new residents, while encouraging the estimated 43,000 net new jobs to be high-value and sustainable, in sectors and occupations that encourage the prosperity of the city and its residents.

This technical report that follows represents a first step in that process. The report provides an overview of the city of London's recent performance against a range of demographic, social, and economic indicators and is intended to provoke thinking on the state of the city's competitive positioning. The report is meant to offer a baseline of data that will be further explored and refined through the development of the Economic Road Map, particularly through community engagement phases of the process. Ultimately, the report plays a key role in supporting the identification of local strengths, weaknesses, opportunities and threats, and the associated prioritization of economic opportunities to be pursued by the community.

1.1 Key observations

The Technical Report highlights some of the key demographic, social, and economic trends that have occurred in London over the last decade, with the intent of offering insight into how these trends shape the eventual Economic Roadmap for the City and its economic and community development partners in the future. In completing the Technical Report, several key observations have emerged, as outlined below.

Slower Population Growth, but Increasing Diversity

London's population grew at a slower rate (3.9%) than the province (5.7%) between 2006 and 2011, but faster than a number of the province's other mid-sized cities like Hamilton, Waterloo, and Windsor. The city's population was comparatively younger, with London maintaining a comparatively lower median age among its total population than Ontario in 2011. However, it should be noted that the city's population in older age cohorts continues to grow, particularly those between 40 and 54 years old and those 80 and older, while the total share of population aged 25 to 39 continues to decline.

Interprovincial migration has accounted for a notable share of migrant population growth in London, at 14.0% of the city's total internal (i.e. Canadian) migrants (compared to 11.8% across Ontario) between 2006 and 2011. Though London's immigrant population remains proportionally smaller than levels across Ontario and in other mid-sized cities (e.g. Hamilton, Kitchener, Waterloo, and Windsor), the city continues to see increasing levels of immigration bolstering its population growth and diversity, more in line with provincial averages. In particular, the city continues to attract new residents from Asia, Latin America, and South America.

Labour Force Supply and Engagement Challenges

London remains home to a number of post-secondary institutions and associated research and educational assets, which have supported the development of comparatively high educational attainment rates at the secondary school and college level. In particular, the city holds a strong share of workers educated in health, social and behavioural sciences, and education fields.

Despite the presence of these institutions, the city continues to hold a lower share of workers with university-level credentials than the province and comparator mid-sized cities (e.g. Waterloo and Kingston). This suggests a more limited performance retaining workers educated in local post-secondary institutions. More generally though, it might also suggest emerging challenges in matching skill supply with demand, which may in part be contributing to several challenges in London. From an occupational perspective, the region's labour force is concentrated in lower skill level occupations, or those that require only high school, or job specific training to hold.

The performance of the city on common labour force indicators varies. Recent unemployment and youth (i.e. those between 15 and 24 years old) unemployment levels in the city are generally on-par with the province. However, when compared to other mid-size cities in the province, London fall behind centres like Kitchener-Waterloo

and Hamilton for broader unemployment, and behind Hamilton, Kitchener-Waterloo, and Barrie for youth unemployment. In part, this continues to influence income levels within the city, which are generally lower than provincial levels, with the percentage of population in low income brackets in London higher than the province and most comparators. In particular, the share of population aged 18 years and younger in lower income brackets was well above provincial levels, and higher than all other comparators.

Labour Force Growth Meeting Projected Employment

London is expected to see job growth of approximately 19,650 new jobs from 2015 to 2025, after seeing an increase of 9,100 workers from 2011 to 2015. The majority of growth is expected over the 2015 to 2020 time period, with growth slowing over the final five years. This growth is expected in a range of sectors, with health care and social assistance; professional, scientific, and technical services; education; accommodation and food services; and construction generating the most notable gains. From a labour force supply perspective, a wide range of skills will be needed to meet this demand.

Overall, London is expected to meet the demand for new workers based on existing demographic trends (i.e. aging of labour force) and net migration, the latter expected to be approximately 3,280 new residents per year from 2015 to 2025. Though trends suggest London will have the workforce to meet future demand, there is a continued need to ensure the city has the structures in place to both attract and retain this required workforce.

Health and Education Driving Recent and Expected Growth

Largely as a result of the institutions in the city, the health care and social assistance and educational sectors have driven labour force performance over the last decade. Together, the two sectors account for approximately 24% of the city's total labour force, having grown by 12.0% and 12.7% respectively from 2006 to 2011. Much of this is as a result of the city's large institutional base, with a notable portion of businesses in both sectors employing 100 or more employees. Further, the city's largest institutions like Western University, Fanshawe College, London Health Sciences Centre, and St. Joseph's Health Care have continued to lead in hiring activity over the past year, generating a total of 1,951 total job postings in those institutions alone in 2014. Complementing the public sector strengths in health care and social assistance, the city also has a notable presence in sectors like medical equipment and research and development in life sciences, generating activity in more export-oriented sectors of the economy.

Both sectors are expected to account for notable shares of future employment growth in the city, with health care and social assistance expected to generate 2,400 new jobs in the city to 2025, and education expected to generate 1,500 jobs over the same time period. To 2025, jobs like registered nurses and teachers are expected to be in high demand across the city.

Overall, the performance of these two sectors suggests that London is well positioned to further develop its knowledge-based sectors of employment. However, given present levels of skill and educational attainment in the city, meeting demand in these sectors will likely be a continued area of activity in workforce development and attraction over the next decade.

Key Manufacturing Subsectors Remain Resilient

Much of the broader discourse on the manufacturing sector over the last several decades has focused on the continued restructuring of the industry, particularly in North America. London has not been immune to these challenges, losing an estimated 2,743 jobs in the sector between 2006 and 2011 alone; the most of any sector in London over that five-year period.

However, the manufacturing sector remains a key element of the city's economy, particularly in more advanced and technology enabled subsectors of the economy. The sector continues to be a major employer (accommodating 9.7% of the city's labour force in 2011), and employment in many subsectors (e.g. food processing, transportation equipment and defence, medical equipment, and machinery manufacturing) exhibits high relative concentrations of employment (i.e. location quotients) compared to the province. Of the 24,525 unique job postings in London over 2014, 10.5% were in the manufacturing sector, noting that the local sector remains active in worker recruitment.

Employment in the manufacturing sector is expected to continue declining to 2025, with the majority of industry subsectors expected to lose workers. However, despite broader challenges, the city's food, beverage, and machinery manufacturing subsectors are expected to maintain their current employment levels.

Entrepreneurship and Small Businesses Supporting Growth

Over the last five years, entrepreneurship and small business growth has been a notable contributor to business development in the city. Since 2008, the number of indeterminate businesses (i.e. self-employed) in the city increased by 14.0%, while businesses with one to four employees increased by 18.5%. Medium and large sized business segments grew as well, but at slower rates than their small business counterparts. Overall, self-employed business owners and small (i.e. one to four employee) businesses accounted for 96.5% of all business growth in the city from 2008 to 2013.

The professional, scientific, and technical services sector holds a notable share of small business and entrepreneurial activity in the city. In 2014, 68.5% of the businesses in the sector were sole proprietors, while an additional 20.1% had fewer than five employees. The city's sector exhibits notable strengths in a number of traditional professional services, such as human resources consulting, lawyers, and tax preparation. More recently, the city has seen notable growth in emerging digital industries, particularly video game publishing and video game development. Overall,

the city maintains a strong base of knowledge-based activity in its small business and entrepreneurial sector.

Residential Sector Outperforming Non-Residential Sector

London has achieved moderate performance in building activity over the last five years compared to the rest of Ontario, based largely on 127% growth in residential construction values from 2009 to 2014. In contrast, the city's non-residential sector experienced a decline of 5.6% per year in construction value over the same time period, or a total decline of approximately 25.0%. Activity in the city's industrial sector, despite incentives like the lack of development charges and downward movement of industrial tax rates, declined by 10.4% overall, or an average annual decline of 2.2%.

Tax revenues for the municipality have grown over the last five years, with London maintaining a stable split of revenue between residential and non-residential sectors as well. This builds on the growth of assessment in the city, which has generally increased in each of the last five years based on strong growth in residential and commercial sectors. However, it should be noted that the underperformance of the city relative to the province (i.e. lower comparative growth rates) and slight decline (0.02%) of industrial assessment suggests that London continues to struggle with the attraction of new investment in the non-residential sector – both new development, and revitalization or renewal. Though a range of factors could be contributing to this, the lack of market choice in the industrial land inventory is likely one of the key factors, perhaps requiring a different approach by the municipality and its development partners.

1.2 Notes on data

It should be noted that this report uses a wide variety of data to support the demographic and economic base analysis of London. Every effort has been made to ensure consistent geographies, time series, and recent data has been used. However, due to the nature of metropolitan and regional level data, some data is only available in census (i.e. 2001, 2006, and 2011) and National Household Survey (i.e. 2011) years, while other data is available on an annual basis, but to different levels of geography (i.e. census metropolitan area). In this case, data for both the city of London and London CMA have been used, in order to balance data currency with geographic relevancy.

Several other custom data sets are used to offer additional insight beyond data collected from Statistics Canada. Labour force projections are provided by Strategic Projections Inc. (SPI). SPI specializes in assessing historical trends and in modeling the economic and demographic future of countries, provinces, states, metropolitan areas and individual communities, and in carrying out customized investigations of local area trends and prospects. In this case, labour force data was projected for the city of London. The report also leverages data from the Jobs Demand Report tool created by Vicinity Jobs Inc. The tool monitors online job postings within a specified

geography, and offers real-time intelligence on the actual demand for employees by industry and occupation. Again, data is offered for the city of London.

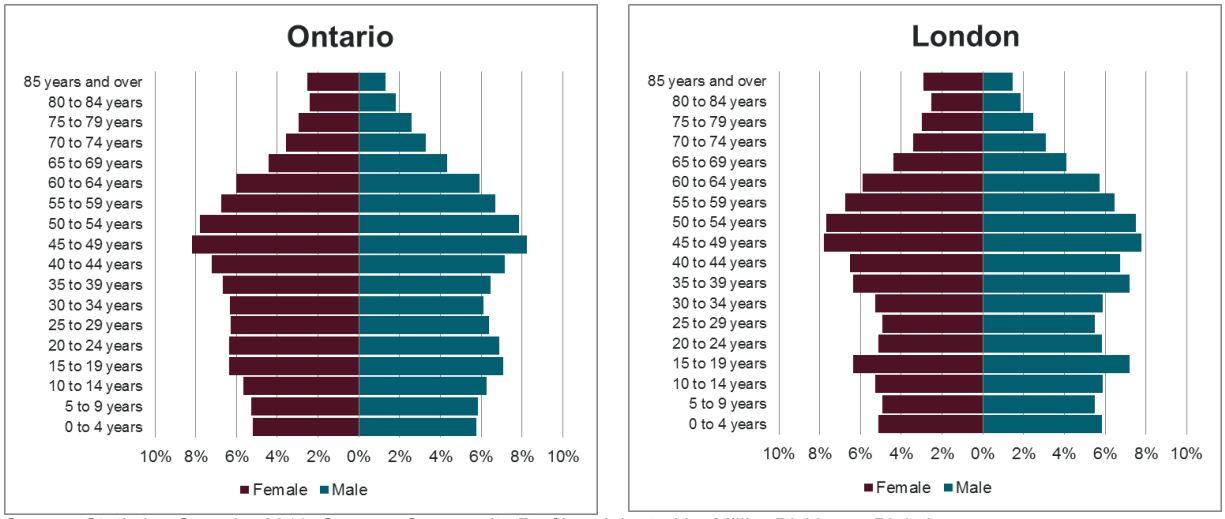
The City would also like to acknowledge the contribution of the Ministry of Agriculture, Food, and Rural Affairs by granting access to the EMSI Analyst tool. EMSI Analyst is provided by Economic Modeling Specialists Intl. This firm specializes in providing labour market information to demonstrate the connection between economies, people, and work. Their database draws on a variety of sources including the Canadian Census, Labour Market Survey, and Survey of Employment, Payroll, and Hours. Please note that the views expressed in this report do not necessarily reflect those of the Ministry.

2 Demographic Trend Analysis

2.1 Population

Between 2006 and 2011 the population of Ontario increased by 5.7% from 12.16 million to 12.85 million residents. In comparison, the city of London's population grew at a slower rate of 3.9% from 352,295 in 2006 to 366,151 in 2011. Although the city of London has not kept pace with the growth of the province over the last five years, it did exceed the growth of comparable cities like Hamilton, Waterloo, and Windsor.[1] The city of London did, however, have a population with a lower median age of 39.3 years, in comparison to median age of Ontario at 40.4.[2]

FIGURE 1: POPULATION BY AGE AND GENDER, ONTARIO AND LONDON, 2011



Source: Statistics Canada. 2011. Census. Community Profiles. Adapted by Millier Dickinson Blais Inc.

As Figure 1 demonstrates, both the province of Ontario and the city of London have an aging population, with a significant percentage of the population between 40 to 54 years ages (representing 46.5% and 44.0% of total population, respectively). The city also has a smaller percentage of its residents aged 25 to 39 (35.1%) despite its younger median age, when compared to the province (38.3%). This could indicate that the city may be having difficulty attracting and retaining young workers, but particularly retaining the graduates of its post-secondary institutions.

Further, London also has a slightly higher percentage of its population aged 80 and above representing 8.7% of the population versus 8.0% for the province. This older demographic, in the future, could have implications on the delivery of services that are

1 Please see Appendix I for further details regarding comparator cities.

2 Statistics Canada, National Household Survey, Community Profile, 2011.

often required by greying communities. In order to address this challenge the City implemented a three year age-friendly action plan that identified 75 action items to help make the city more accommodating to older residents.

2.2 Migration and Immigration

In 2011, 84.9% of the population in London had not moved and had lived in the same residence in the city over the course of the year, while 15.1% of residents had moved within, or to, London. In comparison, provincial migration was more stable with 88.4% of population having lived at the same residence and 11.6% having moved residences.

However, when looking at interprovincial migration, residents who relocated from another province to the city of London in 2011 accounted for 14.0% all 'internal migrants' (residents who moved to a different city, town, township, village, or Indian reserve within Canada). In comparison, interprovincial migrants accounted for 11.8% of all 'internal migrants' in Ontario. Over a five year time period, from 2006 to 2011, interprovincial migrants accounted for 13.9% of internal migrants moving to the city compared to Ontario at 11.7%. This could indicate a competitive advantage for the city of London in its ability to attract residents from other communities across Canada, outside of Ontario, rather than from other areas in Ontario.

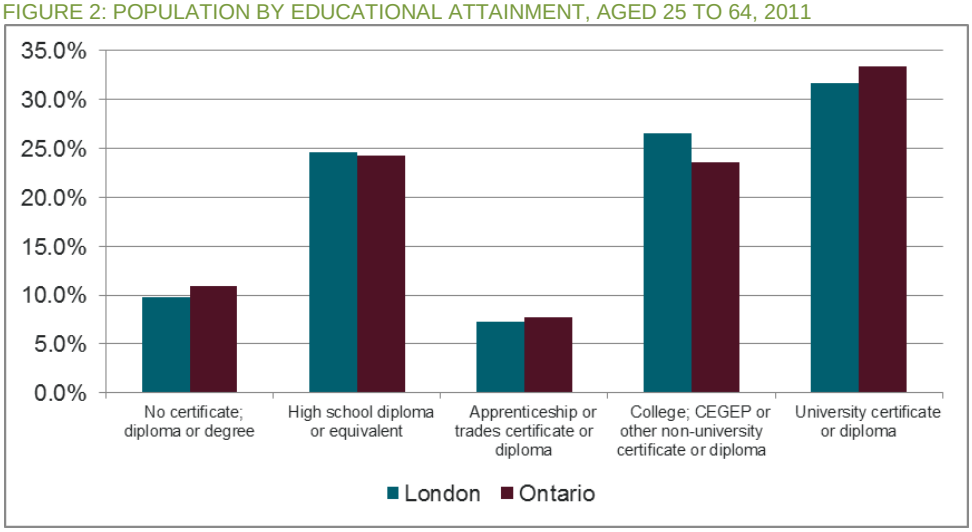
When considering immigration from outside of Canada, the city of London has a proportionally smaller resident immigrant population than the province, with immigrants accounting for 21.2% of the total population in London versus an immigrant population for the province of 28.5%. London's immigrant population was also smaller than other comparable cities such as Hamilton, Kitchener, Waterloo, and Windsor. However, more recent immigration trends indicate that London is increasingly becoming a destination for new immigrants. Immigrants who moved to London from 2001 to 2011 represent 27.7% of the immigrant population in the city. In comparison, recent immigrants to Ontario during the same time period account for 28.2% of the total immigrant population of Ontario. This indicates that the city is increasingly becoming a destination of choice for new immigrants to the province.

Historically, Europe has been the primary source of immigrants to both London and Ontario. Although immigrants from Europe comprised 45.8% of all immigrants in London they represented only 11.4% of immigrants since 2006. Recent trends in immigration indicate that London, and Ontario, are increasingly seeing immigrants from Asia and the Americas rather than from countries in Europe. Between 2006 and 2011, 32.3% of recent immigrants in London arrived from countries in North or South America, with Colombia representing the largest number of all recent immigrants (17.4%). Between 2006 and 2011, 46.7% of recent immigrants arrived from Asia. In 2011, 16.1% of the city of London's population were comprised of visible minorities, well above other large cities such as Hamilton, Kingston, and Barrie, but below the province at 25.9%. The data suggests that the recent increase of immigration from non-European countries has the potential to support the development of a vibrant city that is more culturally and ethnically diverse.

2.3 Educational Attainment

The development and analysis of London's educational profile can be an important socio-economic indicator as it reveals the city's ability to staff new and existing businesses. In 2011, 9.8% of London's labour force between the ages of 25 and 64 had no certificate, diploma, or degree, a share much lower than the province of Ontario at 11.0% of the working-age population. The city also had 26.6% of the labour force with a College or other non-university certificate or diploma compared to Ontario at 23.6%. However, London had a slightly lower portion of its population with an apprenticeship or trades at 7.3% of the workforce compared to 7.8% provincially. The city also had a proportionally smaller share of total workforce with university-level education than the province in 2011, at 31.7% and 33.4%, respectively. This could indicate London is having difficulty attracting and retaining talent with university-level credentials, despite being home to one of the larger universities in the province.

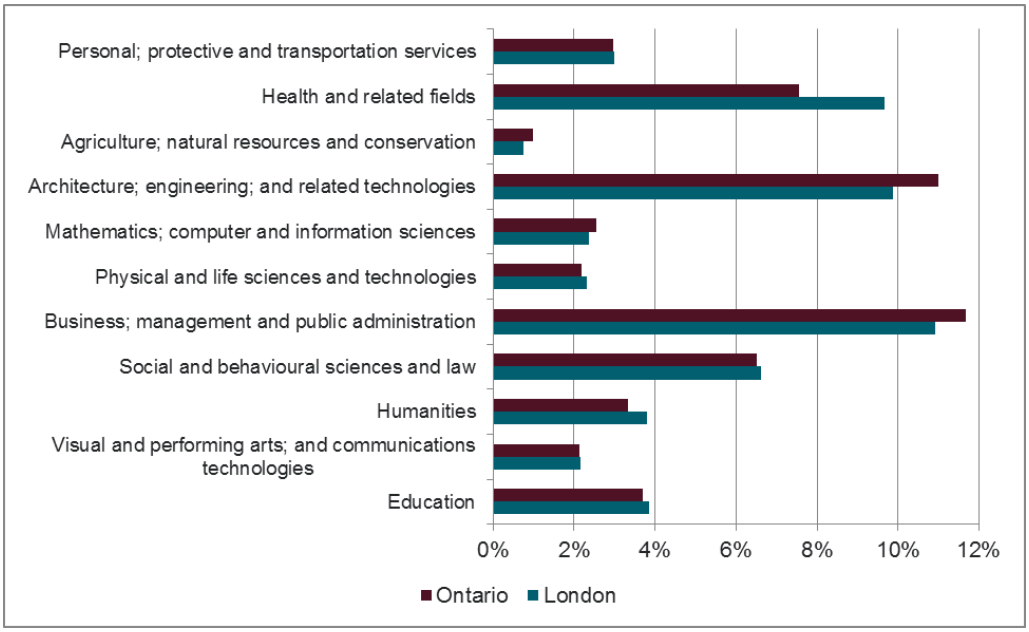
FIGURE 2: POPULATION BY EDUCATIONAL ATTAINMENT, AGED 25 TO 64, 2011



Source: Statistics Canada, National Household Survey, 2011.

In addition to analyzing the workforce by education, the population of London was also examined by major field of study to better understand the skills that are available within the local economy. The largest proportion of London's population with post-secondary credentials studied business, management, and public administration followed by architecture, natural resources, and conservation and health and related fields, representing 30.5% of the city's population in total. It is interesting to note that London had a significantly higher proportion of the population having studied health and related fields at 9.7% in comparison to the province at 7.6%. This serves to highlight the role that the labour force plays in supporting the city's role as a regional health centre for the surrounding communities. The city of London is home to a number of facilities such as Robarts Research Institute, the Canadian Surgical Technologies and Advanced Robotics Centre, and the London Regional Cancer Program that represent only a portion of the health and life sciences sector.

FIGURE 3: EDUCATION BY MAJOR FIELD OF STUDY, 2011



Source: Statistics Canada, National Household Survey, 2011.

2.4 Income

Between 2006 and 2011 the city of London had a smaller percentage change in both personal and household income than the province. In 2006 the median personal income of London was $27,275 and was marginally higher than the Provincial median income of $27,258. However, by 2011 the median personal income of the province increased by 12.0% to $30,526, while the median personal income of London increased by just 8.1% to $29,478.

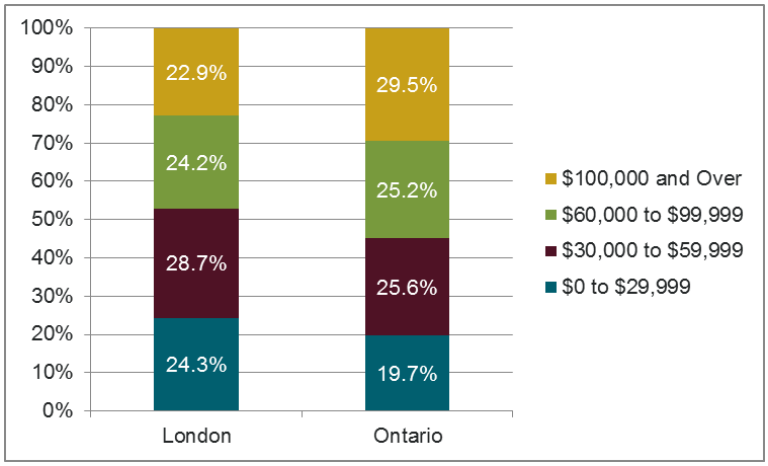
A similar pattern can also be seen in the median household income for London and the province as well. In 2006 the median household income for the city and the province were $53,684 and $60,455, respectively. By 2011 median household incomes across the province rose to $66,358, an increase of 9.8%, and the city of London experienced a smaller increase of just 4.8%, to $56,241. In both instances, the growth of personal and household incomes in the city of London has not kept pace with province. London's median household income was also amongst the lowest when compared to other medium-sized cities in Ontario, with both Waterloo and Barrie having higher median household incomes of $77,626 and 69,471, respectively, and only Windsor having a lower household income at $49,113.[3] It should be noted, however, that the median price for a single or semi-detached home in London was also lower at $370,000 in 2014. In comparison, the median house price provincially was $495,000

[3] Statistics Canada, National Household Survey, 2011.

and when compared to other large cities in Ontario, only Windsor and Kingston had lower median housing prices at $340,000 and $300,000, respectively.[4] This suggests that the lower median household incomes in London maybe a result of the lower costs of living when compared to other similarly sized cities.

The distribution of total income of the population of 2011 in London was comparable to the province across the majority of income brackets. However, the province does have a slightly higher concentration (6.0%) of the population with incomes above $100,000 than London at 4.7%. There was a larger discrepancy between the jurisdictions when the distribution of total household income between London and Ontario was examined.

FIGURE 4: TOTAL HOUSEHOLD INCOME OF PRIVATE HOUSEHOLDS, 2011



Source: Statistics Canada, National Household Survey, 2011.

The income distribution of households in London, in comparison to Ontario, shows that the city holds a slightly higher percentage of households in lower income brackets. Figure 4 indicates that 24.3% of households in London have incomes below $29,999 and only 19.7% of households in Ontario have similarly low incomes. It is also important to note that Ontario has a larger proportion of households (29.5%) with incomes over $100,000. In comparison, London has 22.9% of households with incomes over $100,000. This disparity in income levels could be due to several factors such as education, nature of employment, labour force characteristics, or the potentially lower cost of living.

The result of this income disparity is that there is a greater prevalence of low income individuals in London than the province. Overall, 16.7% of the population of London is considered low income based on after-tax low-income measures.[5] In comparison, 13.9% of Ontario's population is considered to be low income and only Windsor has a higher prevalence of low income households at 23.7% than London among comparator

4 Canadian Mortgage and Housing Corporation, Median Price for Absorbed Homeowner and Condominum Units, 2014.

[5] Statistics Canada, National Household Survey, 2011. Low income measures (LIMs), are relative measures of low income, set at 50% of adjusted median household income. These measures are categorized according to the number of persons present in the household, reflecting the economies of scale inherent in household size.

communities. All other comparably large cities in Ontario had a smaller percentage of their population in low income households. London also has the greatest percentage of the population aged 18 and younger that is living in low income, at 20.9% of low-income population compared to 17.3% across Ontario. As a result, the city of London should consider how it might better assist all members of the community in order to better support the economic growth of the city and prosperity for all of its residents, including addressing issues of population segments that are not traditionally engaged in an economic development strategy (e.g. youth).

3 Labour Force and Employment

3.1 Labour Force Characteristics

London's total labour force in 2011 was 216,293, which was an increase of 4.0% from 207,947 in 2006. This is generally comparable with the Provincial growth rate of 4.4% over the same time period.[6] Further, the unemployment rate for the London CMA in 2014 was 7.6%, only slightly higher than the provincial rate of 7.3%.

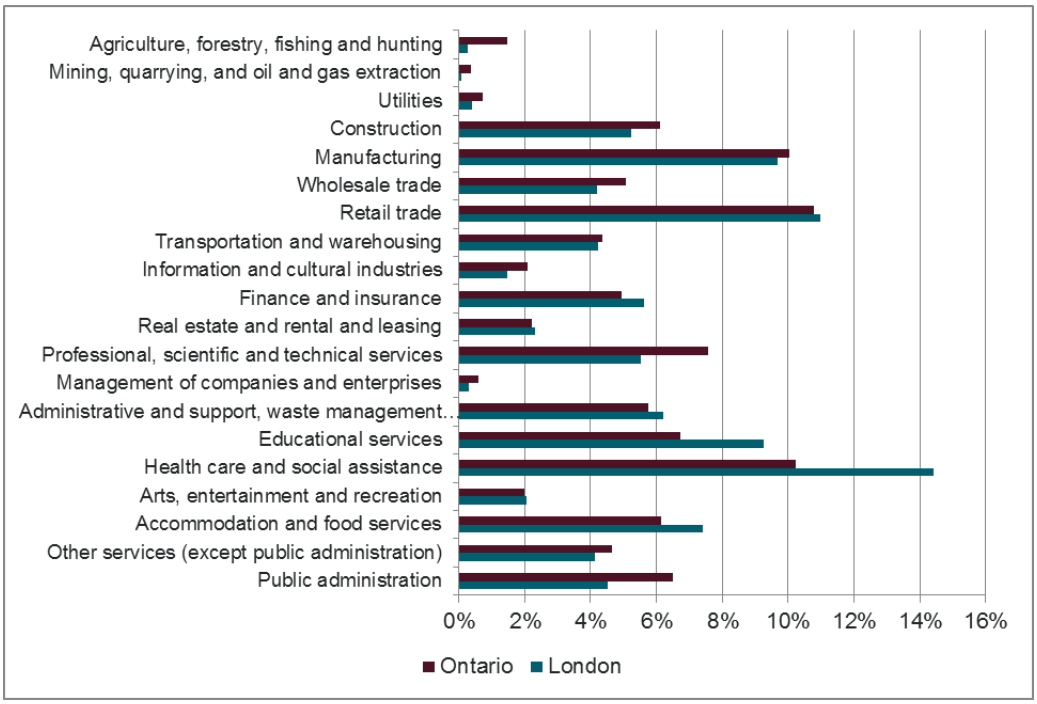
However, labour force characteristics in London have differed considerably from those in comparator communities. London's unemployment rate was higher than many comparator areas with Hamilton having the lowest unemployment rate at 5.9% and Kingston and the Kitchener-Waterloo areas having relatively low rates of 6.8% and 6.6%, respectively. When comparing the unemployment rate of 15 to 24 year olds London had the third highest rate of youth unemployment at 15.7%. Only Kingston and Windsor had higher rates of youth unemployment at 16.0% and 16.5%, respectively. This could suggest a potential skills gap between the needs of employers versus what is available in the local labour force, as well as other potential barriers to engaging high priority demographic segments like youth in the labour force.

3.2 Labour Force by Industry Sector and Subsector

An examination of the labour force by industry sector and subsector for London and Ontario provides a better understanding of how the local economy differs from the province. The three leading sectors of employment for both the city of London and the province of Ontario's labour force were the health care and social assistance, retail trade, and manufacturing sectors, which employed 14.4%, 11.0%, and 9.7% of the city's work force, respectively. In comparison, 10.2% of the province's work force was employed in health care and social assistance, and 10.8% and 10.0% of the workforce were employed in the retail trade and manufacturing sectors, respectively.

[6] EMSI Analyst, Total Labour Force, 2006 and 2011.

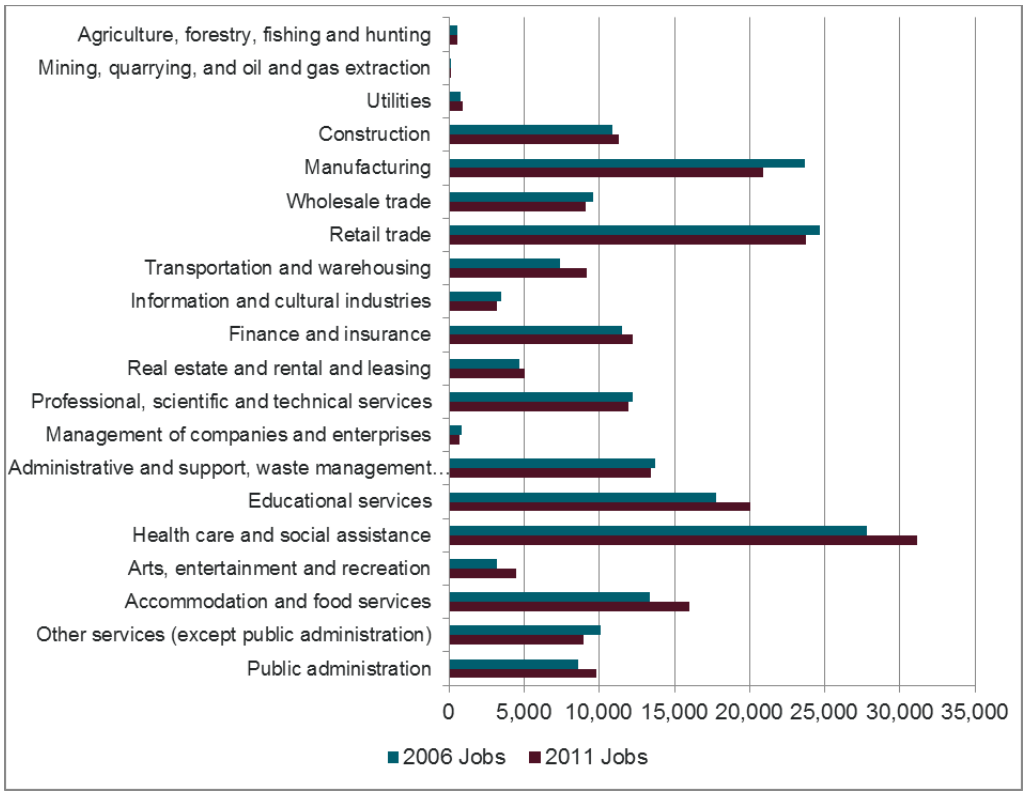
FIGURE 5: CLASS OF WORKER BY SECTOR LONDON AND ONTARIO BY PERCENTAGE, 2011



Source: EMSI ANALYST, National Household Survey, 2011.

These three sectors combined represented over one in three jobs in London, making them significant local economic drivers. The health care and social assistance and educational services sectors also employed a significantly higher portion of the labour force in London when compared to Ontario. The relative strength of these two sectors in London resulted in other sectors lagging behind provincial averages in terms labour force proportions. Despite London being a large urban centre in Southwestern Ontario there were some notable sectors where the city trailed behind Ontario, such as professional, scientific, and technical services (5.5%), public administration (4.5%), and agriculture, forestry, fishing, and hunting (0.3%). It should be noted that the educational services sector in London employed 20,036 people in 2011. This is to be expected with the city being home to three post-secondary institutions with Western University (which has three affiliated colleges), Fanshawe College, and College Boreal.

FIGURE 6: LOCAL LABOUR FORCE BY 2-DIGIT NAICS INDUSTRY, LONDON, 2006 AND 2011



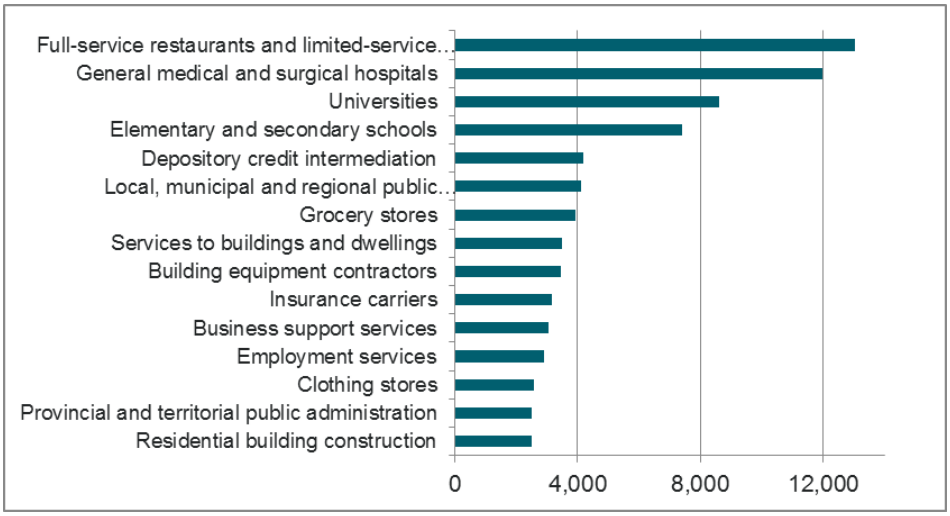
Source: EMSI Analyst, Census and National Household Survey, 2006 and 2011.

Between 2006 and 2011 there have been significant changes that have affected the labour force employed by industry. During this time period London has continued to move towards a more service and knowledge-based economy. This is supported by the growth of the accommodation and food services; and arts, entertainment, and recreation sectors by 20.0% and 39.1%, respectively. Knowledge workers are also in demand in health care and social assistance and educational services sectors, which also grew by 12.0% and 12.7%, respectively. The most notable decline has been in the manufacturing sector, which although remains a major sector of employment, experienced a decline of employment of 11.6% resulting in 2,743 job losses in the city, followed by other services[7], which declined by 11.5%, resulting in 1,145 local job losses. There have also been noticeable job losses in the retail and wholesale trade sectors as well with declines of 3.8% and 5.8%, respectively.

7 This sector comprises establishments primarily engaged in repairing, or performing general or routine maintenance, on motor vehicles, machinery, equipment and other products to ensure that they work efficiently; providing personal care services, funeral services, laundry services and other services to individuals, such as pet care services and photo finishing services; organizing and promoting religious activities; supporting various causes through grant-making, advocating (promoting) various social and political causes, and promoting and defending the interests of their members.

The figure below clearly demonstrates London has key strengths in both the health sector and educational services sector, as noted above. In 2011, 11,987 workers were employed in general medical and surgical hospitals, 8,628 and 7,414 workers were employed in universities and elementary and secondary schools, respectively. Despite this high employment in subsectors that are known for being high-skill and high-wage industries, the largest subsector by employment was full-service restaurants and limited-service eating places, which employed 13,022 workers.

FIGURE 7: LOCAL LABOUR FORCE BY 4-DIGIT NAICS INDUSTRY, LONDON, 2011



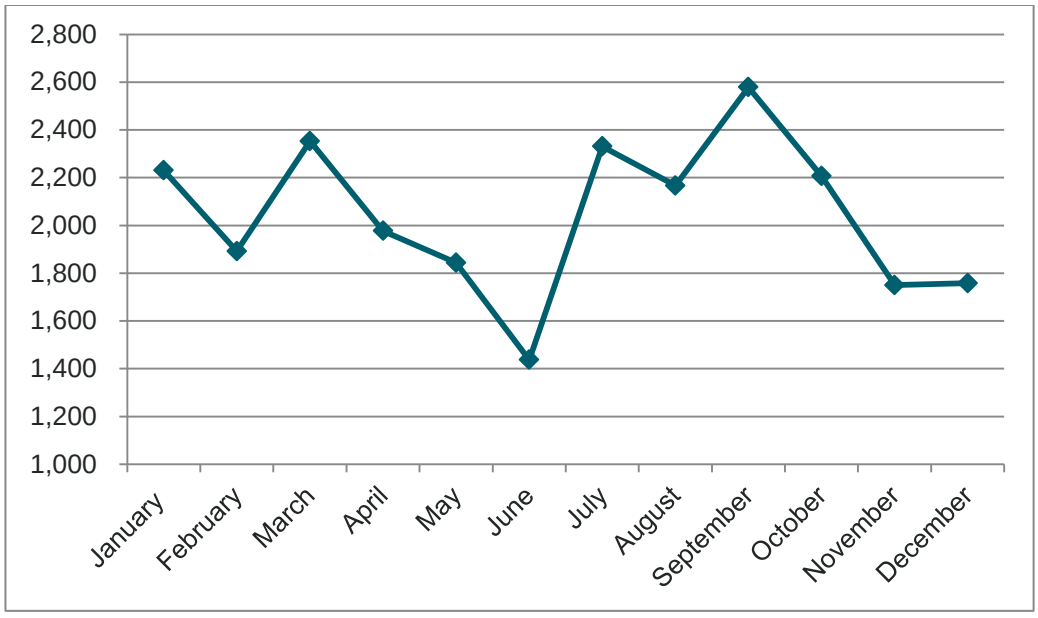
Source: EMSI Analyst, National Household Survey, 2011.

3.2.1 Job Demand by Industry

The real-time Jobs Demand Report's intelligence gathering system developed by Vicinity Jobs Inc. allows for ongoing monitoring of online job postings within a specified geography. This technology allows for the extraction of important information about each online job posting. For example, job postings can be categorized by industry.

This section reports on the job postings data collected by the system during 2014. The figure below shows the absolute number of job postings, per month, during this period. This data has not been adjusted for seasonality, but still sheds light on local hiring trends.

FIGURE 8: TOTAL JOB POSITINGS BY MONTH FOR LONDON, 2014

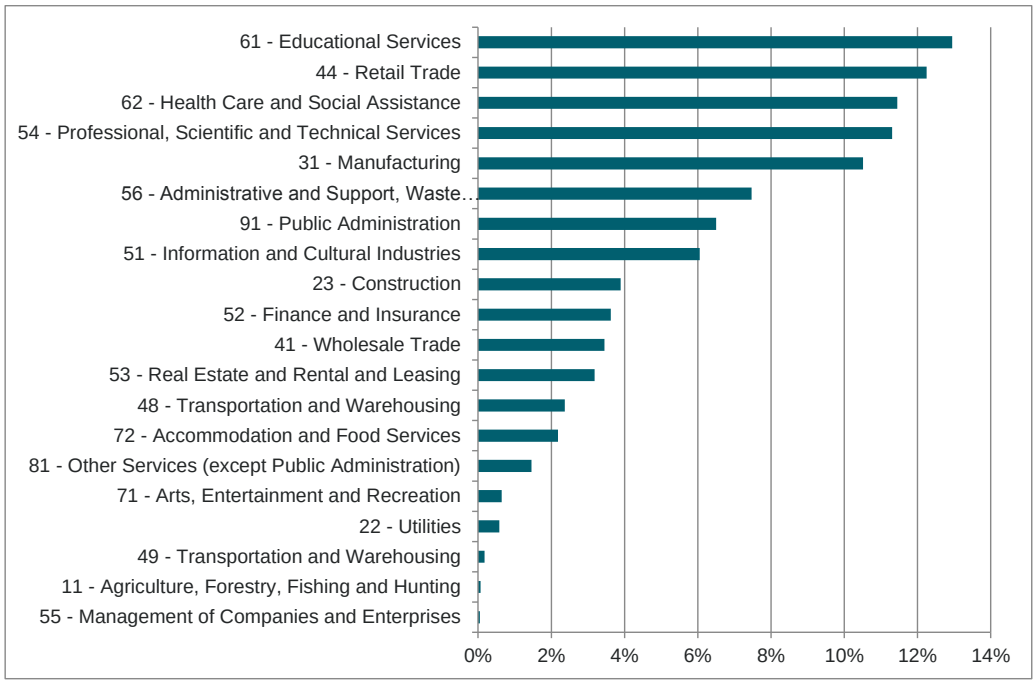


Source. Vicinity Jobs. 2014. Regional hiring demand reporting – London, On. Adapted by Millier Dickinson Blais Inc.

During 2014 a total of 24,525 unique job postings were advertised for positions in London. Note the Jobs Demand Reporting System has been designed to remove duplicate postings for the purposes of reporting, hence the term ‘unique’ when describing these postings.

The figure below shows the proportion of these job postings by industry as defined by the North American Industrial Classification System (NAICS).

FIGURE 9: PROPORTION OF JOB POSTINGS BY INDUSTRY FOR LONDON, 2013-2014



Source. Vicinity Jobs. 2014. Regional hiring demand reporting – London, On. Adapted by Millier Dickinson Blais Inc.

The job postings data for 2014 reinforce the industry trends described in the previous section of the report. In 2014, the top four industries by job demand were all service-producing. As shown in Figure 9, these industries include:

- Educational services (13%)
- Retail trade (12.3%)
- Health care and social services (11.4%)
- Professional, scientific and technical services (11.3%)

Despite this proportion of service based job demand, the manufacturing sector still accounted for a notable share of local job postings (10.5%). This finding is significant given the number of net job losses for this sector during the 2006 and 2011 census period. The 2014 job posting data may suggest London's manufacturing sector is still active in worker recruitment, despite broader challenges. In other words, employers in this sector are still actively hiring new workers to either replace retirees or staff new positions.

3.2.2 Forecasted Labour Force Growth by Industry

Between 2015 and 2020 London is projected to see employment in the city increase by just over 12,300, but it is then expected to slow between 2020 and 2025 to 7,350. In comparison the city's population increased by about 12,450 between 2001 and 2006, but by only 1,100 jobs between 2006 and 2011 due largely to the recession. Over the four year time period from 2011 to 2015 it is estimated that approximately 9,100 workers will have been added to the local economy.[8]

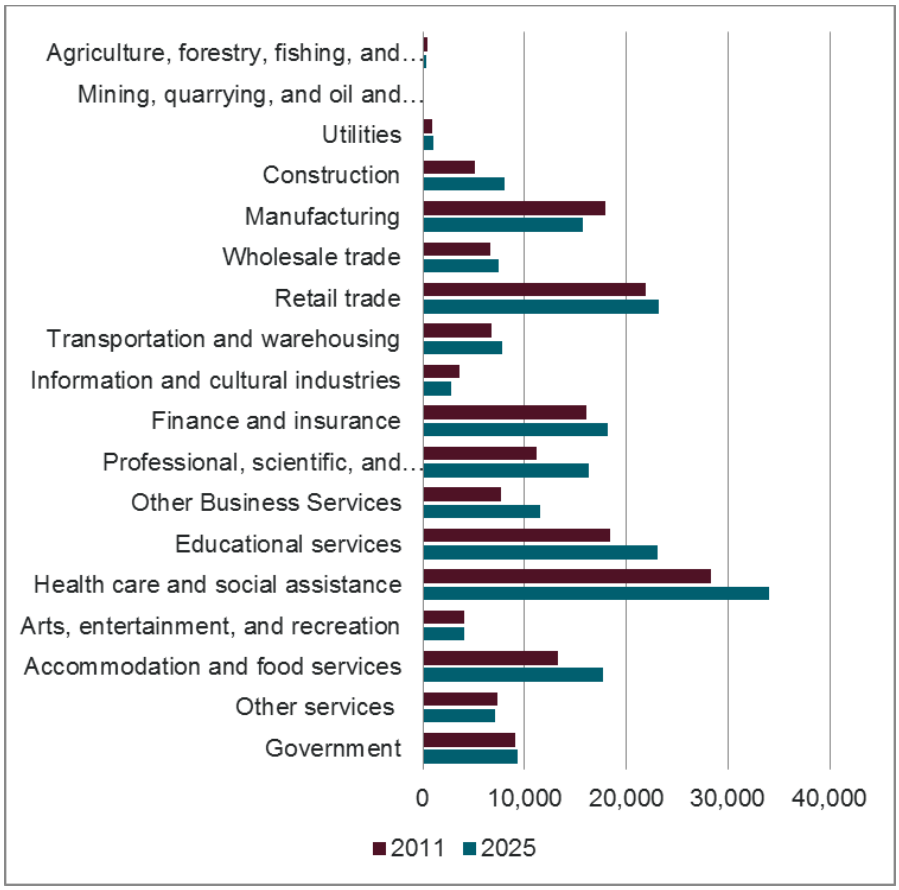
The largest gains by industry between 2015 and 2020 are expected to be in health care and social services adding approximately 2,400 jobs, followed by professional, scientific, and technical services (2,200), education (1,500), accommodation and food (1,350), and construction (1,200). These five industries are expected to continue as the major job producers between 2020 and 2025, though the order of importance is expected to change slightly and the pace of growth is expected to slow.

Employment in manufacturing is expected to continue to decline into the future as well. Manufacturing production is expected to increase, but because productivity growth (output per worker) is expected to remain high and to grow even further in the future, jobs will continue decline as has been experienced in the recent past. This is a trend that is not only affecting the city of London, but provincially, and across the rest of Canada. Manufacturing is no longer the employment and population growth driver for communities it was through most of the post war period.

Every industry within manufacturing is expected to employ fewer people in 2025 than are currently employed in 2015 with the exception of manufacturers of food products, beverage and tobacco products, and machinery, all of which are expected to maintain currently employment levels through to 2025.

[8] Strategic Projections Inc. (SPI) is the firm responsible for the development of all of the labour market projections presented in this report. SPI specializes in assessing historical trends and in modeling the economic and demographic future of countries, provinces, states, metropolitan areas and individual communities, and in carrying out customized investigations of local area trends and prospects.

FIGURE 10: FORECASTED JOB GROWTH BY INDUSTRY, 2011 AND 2025

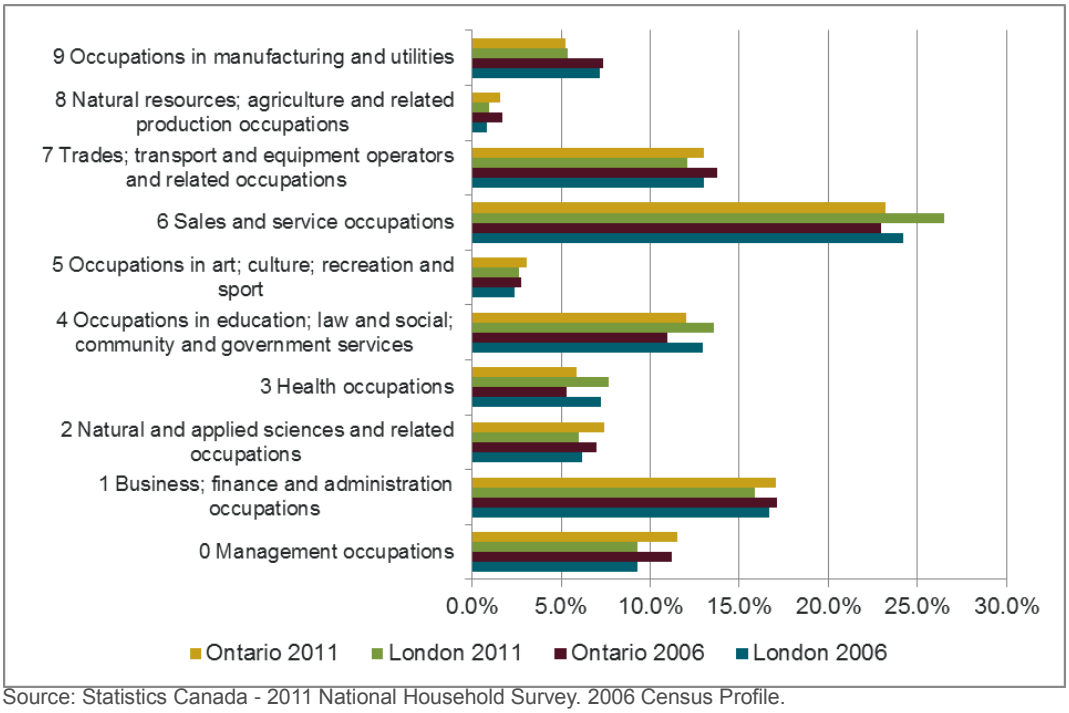


Source: SPI, Labour Force Projections 2011 to 2025, based on the National Household Survey, 2011

3.3 Labour Force by Occupation

Examining a community's labour force by its occupational category is far more instructive than by industrial category, when looking to identify concentrations of skill in a local economy. The city of London's largest occupational category, as measured by workers over the age of 15, was in sales and service occupations, which accounted for 24.2% of all jobs in 2006 and had increased to 26.5% of all occupations by 2011. This is a similar trend that occurred across Ontario with sales and service occupations representing 22.9% of all occupations in 2006 and increasing to 23.2% of all occupations in 2011. London's second largest occupational category was in business, finance, and administration, which had declined from 16.7% in 2006 to 15.9% of all occupations in 2011. Occupations in education, law and social, community, and government services also increased from 13.0% to 13.6% between 2006 and 2011 to become London's third largest occupational category.

FIGURE 11: EMPLOYED LABOUR FORCE BY OCCUPATION, LONDON AND ONTAIRO, 2006 AND 2011



Source: Statistics Canada - 2011 National Household Survey. 2006 Census Profile.

Health occupations have remained a competitive advantage for the city of London when compared to the province representing a growing sector of employment from 7.2% of all occupations in 2006 to 7.7% in 2011. Ontario as a whole employs a smaller, but growing percentage of health occupations as well accounting for 5.3% in 2006 and increasing to 5.9% by 2011 of all occupations in the province.

One area of concern, however, is the growing over representation of sales and service occupations in the local economy. Between 2006 and 2011 sales and service occupations increased by 11.1% adding 5,036 workers to the local economy. In comparison, sales and service occupations only grew by 4.4% across the province. Part of this growth can be attributed to the position of the city of London as a growing urban centre and the need to provide services to the resident population.

As the chart above demonstrates, the occupational composition of London's labour force is similar to trends that occur at the provincial level. An analysis of the top occupations by employment at the four-digit level provides greater insight into the regional strengths, and weaknesses, of the city.

FIGURE 12: TOTAL OCCUPATION BY WORKER WITH EMPLOYMENT INCOME, 2011

	Top Occupations by Percentage of Total Employment
23.4%	6421 Retail salespersons
17.1%	6711 Food counter attendants, kitchen helpers and related support occupations
12.7%	3012 Registered nurses and registered psychiatric nurses
12.2%	6611 Cashiers
11.3%	0621 Retail and wholesale trade managers
7.3%	6552 Other customer and information services representatives
5.8%	4032 Elementary school and kindergarten teachers
5.5%	1241 Administrative assistants
5.3%	6731 Light duty cleaners
5.2%	9522 Motor vehicle assemblers, inspectors and testers
5.0%	1411 General office support workers
4.8%	4012 Post-secondary teaching and research assistants

Source: Statistics Canada, National Household Survey, 99-014-X2011042, 2011.

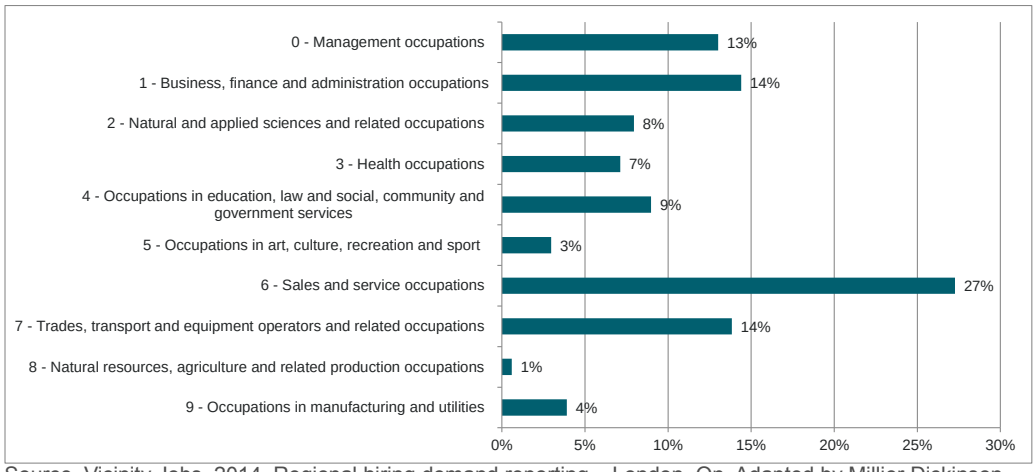
The above occupations represented 25.1% of all occupations in London, with four of the top five occupational classifications being some type of sales and services type position. The inclusion of health, education, and manufacturing related occupations serves to highlight the importance of these industries to the local economy.

3.3.1 London Jobs Postings by Occupation

As described in the 'jobs demand by industry' section above, the real-time Jobs Demand Reporting System allows for ongoing monitoring of online job postings within a specified geography. In this case, the system is being used to determine the number of job postings within London according to the National Occupational Classification system (NOC). This section reports on the job postings data collected by the system during 2014.

Figure 13 shows the proportion of job postings by one digit occupational groupings. The data highlights the number of job postings tied to sales and service occupations. These jobs account for 27% of all job postings in London in 2014. This finding is consistent with the proportion of employment as measured by the 2011 National Household Survey as described in the previous section of this report.

FIGURE 13: JOB POSTINGS BY OCCUPATION CATEGORY (1-DIGIT NOC), LONDON, 2014



Source. Vicinity Jobs. 2014. Regional hiring demand reporting – London, On. Adapted by Millier Dickinson Blais Inc.

Beyond sales related positions, Figure 13 also shows the relatively strong hiring demand for management, business, finance and administration, and trades, transport and equipment occupations. Each of these occupational groupings separately accounted for at least 13% of the job postings. These proportions generally align with London's employed labour force as measured by the 2011 National Household Survey. One exception to this is the management occupational category. The job postings data show greater hiring activity in this occupational category than one might expect given the proportion of London's labour force employed in this area.

Moving to a more granular level of occupational analysis, the figure below shows the top 10 occupations in London by their 2014 hiring demand, as measured by job postings. These occupations reflect London's large sales and service industries (e.g. retail trade). Six of the top ten occupations on this list directly fulfill a sales or service related function. The inclusion of health, education, and transportation serves to underscore the employment demand in those sectors of the local economy.

FIGURE 14: TOP 10 JOB POSTINGS BY OCCUPATION CATEGORY (4-DIGIT NOC), LONDON, 2014

Occupation by NOC	# of job postings	% of total
6552 - Other customer and information services representatives	884	4.71%
0621 - Retail and wholesale trade managers	755	4.02%
6411 - Sales and account representatives - wholesale trade (non-technical)	755	4.02%
6623 - Other sales related occupations	667	3.55%
6421 - Retail salespersons	619	3.30%
4030 – Teachers	602	3.21%
7511 - Transport truck drivers	597	3.18%
3012 - Registered nurses and registered psychiatric nurses	440	2.34%
6235 - Financial sales representatives	363	1.93%
0213 - Computer and information systems managers	308	1.64%

Source. Vicinity Jobs. 2014. Regional hiring demand reporting – London, On. Adapted by Millier Dickinson Blais Inc.

3.3.2 Forecasted Labour Force Growth by Occupation

The demand for workers by industry can be viewed as the growth in jobs that will occur due to changes in the industrial size and industrial mix of employment. The age distribution of current jobs varies across occupations. For example, the proportion of bus drivers aged 50 and over is quite high while the proportion of food and beverage servers over 50 is quite low. As workers retire they will need to be replaced by younger workers and as need for replacement workers varies across occupations those held by relatively older workers will face higher rates of replacement demand than those held by relatively younger workers.

Therefore the total demand for workers by occupation over the next five to ten years reflects both the need for new workers stemming from a growing and shifting economy, and the need for new workers stemming from the need to replace retirees.

The figure below lists the top 15 occupations (out of a total of 500) based on the total demand – both economic and replacement – projected for each over the span from 2015 to 2025. The estimates for 2015 and future projections for each year through to 2025 are based on the employment by industry projections described above and on the occupational mix of jobs in each industry as of 2011 according to the National Household Survey.

FIGURE 15: TOP 15 OCCUPATIONS BY FORECASTED DEMAND

Rank	NOC	Occupation	Employed			Change		Retirements		Total Demand		
			2015	2020	2025	2015-2020	2020-2025	2015-2020	2020-2025	2015-2020	2020-2025	2015-2025
1	6421	Retail salespersons	8,984	9,306	9,349	321	43	963	771	1,285	814	2,098
2	3012	Registered nurses and registered psychiatric nurses	5,283	5,713	5,996	430	283	602	559	1,032	842	1,874
3	1241	Administrative assistants	3,885	4,198	4,400	313	202	461	405	774	607	1,381
4	6711	Food counter attendants, kitchen helpers and related support occupations	6,087	6,579	6,913	492	334	225	206	717	540	1,257
5	621	Retail and wholesale trade managers	4,357	4,519	4,544	162	25	461	403	623	428	1,051
6	6733	Janitors, caretakers, and building superintendents	2,608	2,817	2,954	209	137	364	304	572	441	1,013
7	6552	Other customer and information services representatives	4,024	4,421	4,689	397	268	185	161	582	429	1,011
8	1221	Administrative officers	3,156	3,403	3,561	247	158	320	264	566	422	988
9	1411	General office support workers	3,127	3,334	3,456	207	122	310	273	517	395	912
10	4032	Elementary school and kindergarten teachers	3,624	3,897	4,073	273	176	218	201	491	377	868
11	6731	Light duty cleaners	2,394	2,635	2,804	241	169	227	199	468	368	836
12	1111	Financial auditors and accountants	2,094	2,322	2,483	227	161	192	168	420	330	749
13	4031	Secondary school teachers	2,400	2,581	2,697	181	116	215	195	396	311	708
14	1414	Receptionists	2,187	2,354	2,459	167	105	229	205	396	310	707
15	6611	Cashiers	3,735	3,902	3,958	167	56	257	207	424	263	687

Source: SPI, Labour Force Projections 2011 to 2025, based on the National Household Survey, 2011.

Between 2015 and 2025 the total demand for new workers by employers in the city of London will be 50,150 reflecting the need for 28,715 stemming from economic growth-shifts and 21,435 stemming from potential retirements. The total demand over that period is equal to 27% of the total number of people employed as of 2015 in London. Of the total demand (50,150) 57% stems from economic growth-shifts while 43% stems from potential retirements.

The figure above reveals that the greatest demand for new workers from 2015 to 2025 for the top 5 occupations will be:

- Retail salespersons (2,098)
- Registered nurses and registered psychiatric nurses (1,874)
- Administrative assistants (1,381)
- Food counter attendants, kitchen helpers and related occupations (1,257)
- Retail and wholesale trade managers (1,051)

These five occupations collectively will account for a total demand of 7,661 new workers between 2015 and 2025, accounting for 15% of the total demand for new workers across all occupations. The top 50 occupations in London account for a total demand of 31,264 new workers between 2015 and 2025 or 62% of the total demand for new workers across all 500 occupations.

Forecasted labour force participation rates from 2015 to 2025 among persons under 25 years of age are expected to remain steady while rates among those 25 to 34, and 35 to 44, are expected to increase slightly. Meanwhile rates among those 45 to 54 are expected to increase by 2.0 percentage points, 55 to 64 by 2.9 points, and among

those over 65 by 3.3 points. The increase of older workers in the labour force is a reflection of today's later retirement tendencies as people live longer and stay healthy longer, or because they need to remain in the labour market for economic reasons. Based on these assumptions it is suggested that the city of London's labour force, measured by place-of-residence, will increase from about 262,700 in 2015 to almost 280,950 by 2025, or by 18,250 people.

Over the course of the next 10 years many of the older workers will retire and will need to be replaced. Many residents of London who are now under the age of 20 pursuing their education will enter the labour market once they finish. While not all current residents will remain in London some of these new, home-grown, labour market participants will help satisfy some of the demand for new workers stemming from the future retirement of today's city residents.

Over the period from 2015 to 2025 it is expected the total population of the city of London will grow at an average annual rate of 3,880:

- Births will average 4,470 per year and deaths 3,870 resulting in an average population growth from net natural sources (births less deaths) of 600 per year.
- In-migration will average 15,770 per year and out-migration 12,490 per year, resulting in *net* in-migration of 3,280 per year.

The result is that approximately 85% of London's projected annual population growth will stem from people moving into, and out of, the city between 2015 and 2025 with a net addition of 32,280 people to the city's population, for an average of 3,228 people per year. It should be noted that most of these migrants will be between the ages of 20 and 39. Net in-migration will add between 25,000 and 27,500 people to the city's labour force over the 2015 to 2025 span contributing to growth of approximately 10%. Between 2006 and 2011 and estimated 2,620 immigrants per year moved to London[9] and the demographic projections suggest an adequate supply of new workers will be available to satisfy the economic demand-shift needs of the city's employers and to satisfy the demand generated by retirements. This is contingent on the city continuing to have the programs and infrastructure in place that will make London an attractive city for future residents, particularly new immigrants to the country and people moving to Ontario from other parts of Canada.

3.4 Labour Force by Skill

As recent economic changes have shifted London away from a goods-producing economy towards a more service-based economy this directly impacts that type of skills and education that are required. Using the Human Resources Skills Development

9 Statistics Canada, National Household Survey, 2011.

(HRSDC) NOC Skills matrix, the skill level of the city's resident employed workers can be assessed.[10]

FIGURE 16: TOTAL OCCUPATION BY NOC SKILL LEVEL CATEGORY

	Middlesex	Ontario
Skill level A Managers	10.6%	12.0%
Skill level A Professionals	18.7%	19.6%
Skill level B College or apprenticeship training	29.0%	29.9%
Skill level C High school or job-specific training	29.5%	27.8%
Skill level D On-the-job training	12.3%	10.8%

Source: Statistics Canada, National Household Survey, 99-012-X2011054, 2011.

The Middlesex Census Division, which includes the city of London, has lower percentages of workers in managerial occupations and professional occupations that require university degrees than Ontario, at 10.6% of the population versus 12.0%, and 18.7% versus 19.6%, respectively. Despite the fact that Middlesex has a higher percentage of its work force engaged in the manufacturing sector the city had a lower percentage of occupations that require college or apprenticeship than the province of 29.0% compared to 29.9%. This has left a higher percentage of those in occupations that require either high school or job-specific training (29.5%) or only on-the-job training (12.3%), when compared to Ontario at 27.8% and 10.8%, respectively. This could be partially attributed to the prevalence of sales and service occupations that comprise a significant percentage of London's work force and the fact that many of these types of jobs often do not require any form of post-secondary education.

3.5 Wages by Industry

Labour force challenges in Ontario have been well documented over the last several years and the issues surrounding employment income continue to be contentious. In an analysis of the ten largest industries by number of workers with employment income, representing 50% of the employed workforce, educational services is the largest industry by employment with the third highest median income and represents a significantly larger percentage of the local workforce in the city (at 10.4%), compared to 7.8% at the provincial level.

10 Due to the geography limitations of the data set the geography used for HRSDC NOC Skill assessment was for the census division of Middlesex rather than the census subdivision of London.

FIGURE 17: TOP INDUSTRIES AS A PERCENTAGE OF THE WORKFORCE WITH EMPLOYMENT INCOME AND MEDIAN EMPLOYMENT INCOME, CITY OF LONOND AND ONTARIO, 2011

Industry (3-Digit NAICS)	London		Ontario	
	Workforce with employment income (%)	Median employment income	Workforce with employment income (%)	Median employment income
611 Educational services	10.4%	$ 42,384	7.8%	$ 43,236
722 Food services and drinking places	6.9%	$ 11,092	5.4%	$ 10,994
541 Professional, scientific and technical services	6.3%	$ 37,700	7.6%	$ 45,612
622 Hospitals	5.5%	$ 52,636	3.0%	$ 53,290
561 Administrative and support services	5.2%	$ 18,540	4.4%	$ 20,130
621 Ambulatory health care services	3.6%	$ 38,104	3.2%	$ 37,881
238 Specialty trade contractors	3.4%	$ 33,557	3.9%	$ 35,071
336 Transportation equipment manufacturing	3.0%	$ 54,087	1.9%	$ 54,036
522 Credit intermediation and related activities	2.7%	$ 42,269	2.8%	$ 47,785
445 Food and beverage stores	2.6%	$ 14,084	2.7%	$ 14,231

Source: Statistics Canada, National Household Survey, 99-014-X2011044, 2011.

Transportation equipment manufacturing has the highest median employment income with $54,087, only slightly higher than the province at $54,036, of the top 10 identified industries, but represents higher percentage of the workforce at 3.0% compared to the Provincial 1.9%. An area of concern, however, is the over-representation individuals in the workforce with employment income in food services and drinking places (6.9%) in comparison to the province (5.4%). The food services and drinking places industry in the city of London has the lowest median income of the 10 industries at $11,092 and is higher than the province ($10,994). The low median income in the industry can be attributed to the highly seasonal nature of employment within the industry and the often part-time nature of the work.

3.6 Labour Force Location Quotients

A Labour Force Location Quotient (LQ) measures the concentration of skills and occupational activity in given industry in a local area (e.g. London) relative to an over-arching area (e.g. Ontario). An LQ of over 1.25 suggests a local relative concentration of activity. In theory, this suggests the local sector is exceeding local demand, and is exporting products/services to areas outside of the local community. A sector LQ of less than 0.75 suggests a gap area, where the local business community is theoretically falling short of local demand. From a labour force perspective, LQs may offer insight into where local concentrations of industry-relevant skills may exist.

An initial examination of location quotients based on occupational rather than industrial density revealed that London did not have higher concentration any single type of occupation relative to the province. However, an assessment of the concentration of employment within specific industries did indicate where the city's strengths existed. In total the city of London had a higher concentration of employment in 41 different industries. A detailed analysis, however, indicated potential sector strengths. The city's manufacturing sector, despite having shed 2,743 jobs between 2006 and 2011, still has many industries that have high LQs, signifying competitive industry clusters.

FIGURE 18: LOCATION QUOTIENT FOR MANUFACTURING INDUSTRIES BASED ON OCCUPATIONAL DENSITY, 2011

NAICS	Industry	L.Q.
3369	Other transportation equipment manufacturing	17.41
3365	Railroad rolling stock manufacturing	6.89
3314	Non-ferrous metal (except aluminum) production and processing	6.61
3112	Grain and oilseed milling	6.19
3222	Converted paper product manufacturing	3.88
3313	Alumina and aluminum production and processing	2.99
3366	Ship and boat building	2.94
3329	Other fabricated metal product manufacturing	2.50
3121	Beverage manufacturing	1.98
3391	Medical equipment and supplies manufacturing	1.92
3115	Dairy product manufacturing	1.90
3333	Commercial and service industry machinery manufacturing	1.87
3255	Paint, coating and adhesive manufacturing	1.80
3141	Textile furnishings mills	1.69
3116	Meat product manufacturing	1.52

Source: EMSI, Analyst 2011 Provincial Location Quotient, 2011.

The concentration of other transportation and equipment manufacturing with a location quotient of 17.41 represents a highly concentrated industry along with other manufacturing industries such as railroad rolling stock manufacturing and non-ferrous metal production and processing, both of which have LQs of 6.89 and 6.61, respectively. London also has a concentration of food manufacturing industries with high LQs in grain and oilseed milling (6.19), beverage manufacturing (1.98), dairy product manufacturing (1.90), and meat product manufacturing (1.52). It should be noted that the presence of General Dynamics Land-Systems Canada in London the manufacturer of Canada's Light Armoured Vehicles (LAVs), which are a mainstay of the Canadian military, tactical vehicles, and other military transport vehicles represents a significant employer in the other transportation equipment manufacturing industry not only in London, but in Ontario.

Outside of the manufacturing sector London also has a relatively high concentration of employment in health-related industries and post-secondary educational institutions, which support the city's role as a regional health and educational centre for southwestern Ontario. The city has LQs of 2.74 and 1.82 in universities and community colleges, respectively, and a total of six health-sector industries that have a high concentration of employment relative to the province.

FIGURE 19: LOCATION QUOTIENT FOR HEALTH INDUSTRIES BASED ON OCCUPATIONAL DENSITY, 2011

NAICS	Industry	L.Q.
6222	Psychiatric and substance abuse hospitals	4.69
6243	Vocational rehabilitation services	3.06
6239	Other residential care facilities	2.37
6221	General medical and surgical hospitals	2.08
6219	Other ambulatory health care services	1.83
6215	Medical and diagnostic laboratories	1.34

Source: EMSI, Analyst 2011 Provincial Location Quotient, 2011.

In addition to the 21 industries identified above in the manufacturing, health, and education sectors London also has an additional 20 service-sector industries where the city has a higher concentration of employment than the province, as outlined in the figure below.

FIGURE 20: LOCATON QUOTIENT FOR OTHER INDUSTRIES BASED ON LABOURFORCE DENSITY, CITY OF LONDON, 2011

NAICS	Industry	L.Q.
4132	Beverage merchant wholesalers	1.45
4153	Used motor vehicle parts and accessories merchant wholesalers	1.51
4163	Lumber, millwork, hardware and other building supplies merchant wholesalers	1.60
4181	Recyclable material merchant wholesalers	1.49
4453	Beer, wine and liquor stores	1.39
4529	Other general merchandise stores	1.25
4542	Vending machine operators	1.60
4842	Specialized freight trucking	1.29
4859	Other transit and ground passenger transportation	5.43
5241	Insurance carriers	1.98
5311	Lessors of real estate	1.46
5614	Business support services	2.21
7113	Promoters (presenters) of performing arts, sports and similar events	1.89
7139	Other amusement and recreation industries	1.40
7223	Special food services	1.36
7225	Full-service restaurants and limited-service eating places	1.29
8123	Dry cleaning and laundry services	1.78

Source: EMSI, Analyst 2011 Provincial Location Quotient, 2011.

The concentration of industries with a high LQ in the wholesale (NAICS 41) indicate potential linkages to transport and warehousing industries. The city of London is also

uniquely situated in Southwestern Ontario making it an excellent location for these industries. The increasing role of the retail (NAICS 44-45) sector is a direct result of the increasing importance of the service sector as the economic driver of the region's economy. The following section examines competitive advantage based on the concentration of businesses by industry sector.

4 Business and Industry Characteristics

4.1 Business Growth

Statistics Canada's Canadian Business Patterns Data provides a record of business establishments by industry and size. This data is collected by the Canada Revenue Agency (CRA). The business data collected for the city of London includes all businesses that meet at least one of the three criteria:

- Have an employee workforce for which they submit payroll remittances to the CRA; or
- Have a minimum of $30,000 in annual sales revenue; or
- Are incorporated under a federal or provincial act and have filed a federal corporate income tax form within the past three years.

The Canadian Business Patterns Data records business counts by "Total", "Indeterminate" and "Subtotal" categories. The establishments in the "Indeterminate" 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).[11]

A review of the business patterns for the period between 2008 and 2013 for the city of London provides an understanding of the growth or decline of businesses in the five year period, as well as the key characteristics that define the city of London's business community. An assessment of the latest data for 2014 will be done separately to provide the current snapshot of the London's business composition. When combined with the broader industry analysis, the business patterns information will further assist in understanding the key industry opportunities for the city of London.

Understanding trends in business growth in the community provides valuable insight into the shape that future growth and investment in the city might take. It also provides an indication of where the priorities of the city should lie, especially with regards to possible program development and support of an economic development strategy.

[11] It should be noted that the Canadian Business Patterns Data uses the CRA as a primary resource in establishment counts; therefore, businesses without a business number or indicated annual sales less than $30,000 are not included.

FIGURE 21: NUMBER OF BUSINESS ESTABLISHMENTS BY INDUSTRY, CITY OF LONDON, 2008 AND 2013

Industry (NAICS)	London December 2013			London December 2008			2013-2008		
	Total	Indeterminate	Subtotal	Total	Indeterminate	Subtotal	% Change Total	% Change Indeterminate	% Change Subtotal
Total	**22,986**	**12,304**	**10,682**	**21,053**	**10,795**	**10,258**	**9.2%**	**14.0%**	**4.1%**
11 Agriculture, Forestry, Fishing and Hunting	218	170	48	214	154	60	1.9%	10.4%	-20.0%
21 Mining, Quarrying, and Oil and Gas Extraction	36	20	16	51	26	25	-29.4%	-23.1%	-36.0%
22 Utilities	14	8	6	8	2	6	75.0%	300.0%	0.0%
23 Construction	2,450	1,465	985	2,281	1,316	965	7.4%	11.3%	2.1%
31-33 Manufacturing	694	228	466	727	215	512	-4.5%	6.0%	-9.0%
41 Wholesale Trade	925	308	617	1,074	408	666	-13.9%	-24.5%	-7.4%
44-45 Retail Trade	2,512	865	1,647	2,499	858	1,641	0.5%	0.8%	0.4%
48-49 Transportation and Warehousing	1,095	794	301	965	683	282	13.5%	16.3%	6.7%
51 Information and Cultural Industries	219	115	104	176	93	83	24.4%	23.7%	25.3%
52 Finance and Insurance	1,509	942	567	1,410	879	531	7.0%	7.2%	6.8%
53 Real Estate and Rental and Leasing	2,760	2,251	509	2,314	1,886	428	19.3%	19.4%	18.9%
54 Professional, Scientific and Technical Services	2,811	1,719	1,092	2,648	1,581	1,067	6.2%	8.7%	2.3%
55 Management of Companies and Enterprises	850	718	132	1,042	886	156	-18.4%	-19.0%	-15.4%
56 Administrative and Support, Waste Management and Remediation Services	930	436	494	889	411	478	4.6%	6.1%	3.3%
61 Educational Services	298	154	144	269	132	137	10.8%	16.7%	5.1%
62 Health Care and Social Assistance	2,245	659	1,586	1,525	267	1,258	47.2%	146.8%	26.1%
71 Arts, Entertainment and Recreation	292	167	125	253	131	122	15.4%	27.5%	2.5%
72 Accommodation and Food Services	1,031	211	820	932	199	733	10.6%	6.0%	11.9%
81 Other Services (except Public Administration)	2,085	1,070	1,015	1,767	665	1,102	18.0%	60.9%	-7.9%
91 Public Administration	12	4	8	9	3	6	33.3%	33.3%	33.3%

Source: Statistics Canada, Canadian Business Patterns, 2008 and 2013.

Figure 21 also outlines the growth in business establishments by type across the city of London from 2008 to 2013. The number of total business establishments increased by 9.2% across London during the time period, and the fastest growing sectors were:

- Utilities (75.0%)[12]
- Health care and social assistance (47.2%)
- Public Administration (33.3%)

The majority of business growth noted above occurred within the indeterminate establishments[13] in the city, which grew by 14.0% over the five-year period. Excluding the self-employed, the number of business establishments in London increased by

[12] This increase in the total number of business is exclusively the result of the introduction of additional indeterminate businesses and not from the addition of any businesses with payroll employees.

[13] Indeterminate businesses are 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).

4.1% from 2008 to 2013. The fastest growing subsectors in the employer establishment segment were:

- Public administration (33.3%)
- Health care and social assistance (26.1%)
- Information and cultural industries[14] (25.3%)
- Real Estate and rental leasing (18.9%)

A significant number of industry sectors exhibited a decline in the number of employer establishments between 2008 and 2013. While the number of businesses may be declining in many key sectors, overall employment continues to grow in the city.

Smaller businesses have performed better than larger businesses as well. In total, indeterminate businesses (i.e. those without payroll employees) increased by 14.0%, while small businesses that employed between 1-4 employees also faired relatively well, increasing by 18.5%. Combined, the growth of these two business size categories represented 96.5% of all business growth in London between 2008 and 2013. However, businesses with 5-9 employees did not fare as well as their smaller counterparts, experiencing a decline of 7.2%.

FIGURE 22: NUMBER OF BUSINESS ESTABLISHMENTS BY BUSINESS SIZE, LONDON, 2008 AND 2013

Industry (NAICS)	Absolute Change 2013-2008								
	Total	Indeterminate	Subtotal	1- 4	5- 9	10-19	20-49	50-99	100+
Total Economic Snapshot	1,933	1,509	424	357	-140	36	157	23	-9
11 Agriculture, Forestry, Fishing and Hunting	4	16	-12	4	-6	-4	-5	-1	0
21 Mining, Quarrying, and Oil and Gas Extraction	-15	-6	-9	5	0	-12	-2	0	0
22 Utilities	6	6	0	0	2	-1	-1	0	0
23 Construction	169	149	20	36	-4	-6	1	-9	2
31-33 Manufacturing	-33	13	-46	-4	-16	-7	-9	0	-10
41 Wholesale Trade	-149	-100	-49	-23	-32	6	-9	3	6
44-45 Retail Trade	13	7	6	14	-61	-11	52	10	2
48-49 Transportation and Warehousing	130	111	19	29	-8	-5	0	2	1
51 Information and Cultural Industries	43	22	21	7	-3	11	4	4	-2
52 Finance and Insurance	99	63	36	16	12	3	1	4	0
53 Real Estate and Rental and Leasing	446	365	81	64	14	-13	14	-1	3
54 Professional, Scientific and Technical Services	163	138	25	42	-14	-3	3	-1	-2
55 Management of Companies and Enterprises	-192	-168	-24	-14	-17	6	1	-1	1
56 Administrative and Support, Waste Management and Remediation Services	41	25	16	12	-8	-8	12	4	4
61 Educational Services	29	22	7	8	1	-1	1	-1	-1
62 Health Care and Social Assistance	720	392	328	236	12	31	44	6	-1
71 Arts, Entertainment and Recreation	39	36	3	4	-7	-3	12	0	-3
72 Accommodation and Food Services	99	12	87	-1	1	45	44	5	-7
81 Other Services (except Public Administration)	318	405	-87	-79	-6	8	-6	-1	-3
91 Public Administration	3	1	2	1	0	0	0	0	1

Source: Statistics Canada, Canadian Business Patterns, 2008 and 2013.

14 This sector comprises establishments primarily engaged in producing and distributing information and cultural products. The main components of this sector are the publishing industries, including software publishing, the motion picture and sound recording industries, the broadcasting industries, telecommunications and related services industries, data processing industries, and the other information services industries, including Internet publishing and broadcasting and web search portals.

Although business growth has been concentrated amongst smaller firms, medium sized and larger business have performed relatively well overall; between 2008 and 2013 the number of businesses with 10-99 employees increased by 11.2% with businesses employing 100 or more declined by only 0.5% from 2008 to 2013 indicating that many businesses are recovering from the recession in 2008.

Some sectors, however, fared better than others with manufacturing being the hardest hit with declines across nearly all business size categories. Most notably was the loss of 10 businesses that employed 100 or more. However, there was growth in some sectors within the larger business segment. The following sectors comprised a net increase in the number of businesses in the 100+ employee range:

- Wholesale Trade (6)
- Retail Trade (2)
- Construction (2)
- Transportation and Warehousing (1)
- Real Estate and Rental and Leasing (3)
- Management of Companies and Enterprises (1)
- Administrative and Support, Waste Management and Remediation Services (4)
- Public Administration (1)

This is particularly relevant in light of existing research and trends which suggest that an overwhelming percentage of new business investment in a community is derived from companies already located there.

A more current economic snapshot of the city of London is available based on the latest Statistics Canada 2014 Business Patterns.[15] This provides a more up-to-date analysis of the current business and sector composition of the city. As indicated by Figure 23, businesses with no payroll employees continue to comprise the majority of businesses in London (66.1%) with the greatest concentration operating in the real estate and rental and leasing sector (17.4%), followed by professional, scientific, and technical services (10.5%), and health care and social assistance (10.2%). There continues to be a large number of businesses with 100 or more employees concentrated in the following sectors:

- Retail Trade (42)
- Health Care and Social Assistance (36)
- Manufacturing (35)
- Administrative and Support, Waste Management and Remediation Services (24)
- Transportation and Warehousing (19)

[15] Due to changes in the way that business information has been collected the latest release of Statistics Canada's Canadian Business Patterns data is fundamentally incompatible with prior releases. Therefore it will be reviewed independently from previous releases.

FIGURE 23: BUSINESS ESTABLISHMENTS BY INDUSTRY AND EMPLOYMENT SIZE, CITY OF LONDON, 2014

Industry (NAICS)	December 2014							
	Total	Without Employees	1- 4	5- 9	10-19	20-49	50-99	100+
Total Economic Snapshot	31,868	21,050	5,349	2,112	1,511	1,196	384	266
Unclassified Elsewhere	2,659	2,197	387	42	22	7	3	1
11 Agriculture, Forestry, Fishing and Hunting	246	214	20	6	6	0	0	0
21 Mining, Quarrying, and Oil and Gas Extraction	41	23	6	3	7	1	1	0
22 Utilities	17	10	2	1	0	2	0	2
23 Construction	2,769	1,798	549	180	117	86	29	10
31-33 Manufacturing	722	271	137	86	85	74	34	35
41 Wholesale Trade	972	366	211	137	125	95	26	12
44-45 Retail Trade	2,661	1,072	534	443	316	189	65	42
48-49 Transportation and Warehousing	1,385	1,084	167	32	30	38	15	19
51 Information and Cultural Industries	288	186	40	10	23	14	10	5
52 Finance and Insurance	1,829	1,309	247	82	49	123	9	10
53 Real Estate and Rental and Leasing	5,554	5,069	308	74	54	32	11	6
54 Professional, Scientific and Technical Services	3,351	2,295	675	164	114	69	19	15
55 Management of Companies and Enterprises	815	688	59	19	22	10	7	10
56 Administrative and Support, Waste Management and Remediation Services	1,116	637	206	110	66	49	24	24
61 Educational Services	372	232	52	30	20	23	6	9
62 Health Care and Social Assistance	3,236	1,680	980	266	139	100	35	36
71 Arts, Entertainment and Recreation	411	287	43	19	17	30	10	5
72 Accommodation and Food Services	1,032	260	144	164	183	199	71	11
81 Other Services (except Public Administration)	2,379	1,368	581	244	113	54	9	10
91 Public Administration	13	4	1	0	3	1	0	4

Source: Statistics Canada, Canadian Business Patterns, 2014.

Given these findings, supporting future business growth and investment in London will be based on understanding and supporting the needs of small to medium businesses, which have maintained business growth despite the performance of the economic overall. This is particularly relevant in light of existing research and trends which suggest that an overwhelming percentage of new business investment in a community is derived from companies already located there.

4.1.1 Hiring Demand by Employer

As described in the jobs demand by industry section above, the real-time Jobs Demand Reporting System allows for ongoing monitoring of online job postings within

a specified geography. In this case, the system is being used to determine London's most active employers during 2014, as measured by their job postings. To this end, Figure 24 identifies London's top 20 employers according to their 2014 hiring demand.

Generally speaking, this list is particularly instructive for those seeking to contextualize the previous section's discussion about London's business patterns trends from 2008-2014. It also provides concrete evidence of those local firms or institutions which are driving local employment. This information will be leveraged to contextualize the subsequent engagement activities for this project.

At a glance, Western University and London's hospitals accounted for the largest share of job postings in 2014. Retail oriented employers, including Shoppers Drug Mart, Walmart, Home Depot, and The Bay also accounted for considerable job demand. Figure 24 further highlights the job demand from some of London's largest manufacturers and information technology related firms. Finally, the presence of two digital gaming firms suggests a local strength. Associated opportunities will be explored during the remainder of this project.

FIGURE 24: TOP 20 LONDON EMPLOYERS BY HIRING DEMAND, 2014

Employer	# of Postings
Western University	945
London Health Sciences Centre	478
St. Joseph's Health Care London	419
Service Canada - Citizen Services and Program Delivery Branch	328
Shoppers Drug Mart	259
City of London	217
Alliance Icommunications Inc.	158
London Life Insurance Co.	151
Digital Extremes	142
Home Depot	138
Rogers Cable Communications Inc.	120
Startech.com Ltd.	111
Walmart	110
Fanshawe College	109
ZTR Control Systems	101
Big Viking Games	100
3M Canada Company	96
The Bay	87
Honeywell Ltd.	75
Sykes Assistance Services Corp.	75

5 Market Trends and Environmental Scan

The London Economic Development Corporation has examined the city's historical economic strengths, weaknesses, and opportunities and considered the development of economic clusters that would take advantage of the city's assets and play an important role in developing a dynamic knowledge-based economy. The following five key sectors have been identified as having the potential to act as catalysts in driving future economic growth in the city.

- Advanced Manufacturing
- Food and Beverage Processing
- Health Care and Life Sciences
- Professional Services
- Digital Creative

5.1 Local Target Sector Performance and Trends

5.1.1 Advanced Manufacturing

Manufacturing is critical to both provincial and national prosperity, by providing high-quality, well-paying jobs, and contributing greatly to economic growth. Advanced manufacturing, although difficult to describe, generally includes the development and/or adoption of cutting-edge technologies that demonstrate a commitment to product, process, and technological innovation. As the global economy has become increasingly integrated, manufacturers are consistently looking at ways in which they can implement the latest technologies in order to remain as competitive as possible.

The City of London's manufacturing sector employed over 20,000 people in 2011, but has experienced a net decline in employment of 11.6% since 2006. In comparison the province has experienced a decline of 20.7% employment in manufacturing.[16] Despite the current job losses the manufacturing sector continues to represent approximately 9.7% of the local workforce. One of the main causes for the decline of employment in the manufacturing sector is the continued implementation of automation and adoption of new technologies that have increased the productivity per worker of much of the manufacturing sector, which has in turn allowed business within the sector to remain competitive (though they employ fewer people).

16 EMSI Analyst, Jobs by 2-Digit NAISCS, 2006 and 2011.

The figure below details the city of London's strengths in the advanced manufacturing sector based on the 2014 location quotient. The identified industries represent areas that the city has a considerable advantage in terms of business density in comparison to the province.

FIGURE 25: ADVANCED MANUFACTURING SECTOR PROFILE, CITY OF LONDON, 2008-2014

Industry (NAICS)	City of London (vs Ontario)		City of London Business Patterns			
	2014 LQ	Classification	2014	2013	2008	2013-2008 % Change
336510 - Railroad rolling stock manufacturing	10.85	**High**	5	5	2	150.0%
331420 - Copper rolling, drawing, extruding and alloying	7.68	**High**	2	3	3	0.0%
332410 - Power boiler and heat exchanger manufacturing	7.34	**High**	5	4	2	100.0%
332611 - Spring (heavy gauge) manufacturing	6.24	**High**	2	1	1	0.0%
314110 - Carpet and rug mills	5.08	**High**	6	4	1	300.0%
331490 - Non-ferrous metal (except copper and aluminum) rolling, drawing, extruding and alloying	4.34	**High**	2	2	2	0.0%
332420 - Metal tank (heavy gauge) manufacturing	4.28	**High**	6	5	5	0.0%
326210 - Tire manufacturing	4.16	**High**	3	3	2	50.0%
313220 - Narrow fabric mills and Schiffli machine embroidery	3.70	**High**	2	2	1	100.0%
332910 - Metal valve manufacturing	3.44	**High**	6	6	8	-25.0%
336330 - Motor vehicle steering and suspension components (except spring) manufacturing	3.44	**High**	2	2	1	100.0%
332314 - Concrete reinforcing bar manufacturing	3.33	**High**	1	1	1	0.0%
327120 - Clay building material and refractory manufacturing	3.26	**High**	3	2	1	100.0%
322212 - Folding paperboard box manufacturing	3.22	**High**	2	1	1	0.0%
331511 - Iron foundries	3.03	**High**	2	2	2	0.0%

Source: Statistics Canada, Canadian Business Patterns, 2008, 2013, and 2014.

Business patterns data suggests there were 722 establishments in the manufacturing sector in the city of London in 2014. By number of firms, the city's advanced manufacturing sector is focused primarily on:

- Medical equipment and supplies manufacturing (44)
- All other miscellaneous manufacturing (41)
- Other printing (39)
- Machine shops (31)
- Measuring, medical and controlling devices manufacturing (20)

However, with the exception of medical equipment and supplies manufacturing and all other miscellaneous manufacturing, each of those industries decreased in size between 2008 and 2013. Growth of business establishments has been primarily

focused in all other miscellaneous manufacturing, which grew by 52.0% from 25 to 38 firms between 2008 and 2013.

5.1.2 Food Processing

Food processing is an important subsector of the manufacturing sector and is an essential channel for Canadian agricultural products. Although often overlooked, it plays an important role in the Canadian economy, generating more than $88 billion dollars in revenues in 2011.[17]

In 2011 the city of London's food processing sector employed over 4,300 workers, and represented approximately 20% of the jobs in the manufacturing sector. In comparison, the food processing sector represents approximately 14.1% of workers in the manufacturing sector provincially. This competitive advantage of a highly skilled local labour force should be leveraged for future growth of the sector. The figure below details the city of London's strengths in the food processing sector.

FIGURE 26: FOOD PROCESSING SECTOR PROFILE, CITY OF LONDON, 2008-2014

Industry (NAICS)	City of London (vs Ontario)		City of London Business Patterns			
	2014 LQ	Classification	2014	2013	2008	2013-2008 % Change
311111 - Dog and cat food manufacturing	0.94	Average	1	-	-	-
311221 - Wet corn milling	8.32	**High**	1	1	1	0.0%
311230 - Breakfast cereal manufacturing	4.54	**High**	1	1	1	0.0%
311352 - Confectionery manufacturing from purchased chocolate	0.66	Low	1	1	2	-50.0%
311410 - Frozen food manufacturing	0.83	Average	2	1	1	0.0%
311420 - Fruit and vegetable canning, pickling and drying	0.38	Low	1	1	1	0.0%
311520 - Ice cream and frozen dessert manufacturing	2.12	**High**	2	2	2	0.0%
311614 - Rendering and meat processing from carcasses	0.85	Average	3	2	1	100.0%
311615 - Poultry processing	0.55	Low	1	1	3	-66.7%
311811 - Retail bakeries	0.85	Average	12	9	12	-25.0%
311814 - Commercial bakeries and frozen bakery product manufacturing	1.15	Average	8	8	7	14.3%
311919 - Other snack food manufacturing	1.58	**High**	2	2	1	100.0%
311920 - Coffee and tea manufacturing	2.17	**High**	4	3	2	50.0%
311930 - Flavouring syrup and concentrate manufacturing	2.17	**High**	1	2	0	100.0%
311940 - Seasoning and dressing manufacturing	0.57	Low	1	2	1	100.0%
311990 - All other food manufacturing	0.49	Low	5	5	4	25.0%
312110 - Soft drink and ice manufacturing	0.47	Low	1	-	-	-
312120 - Breweries	1.61	**High**	5	4	2	100.0%
312130 - Wineries	0.80	Average	5	4	7	-42.9%
312140 - Distilleries	6.24	**High**	2	1	1	0.0%

Source: Statistics Canada, Canadian Business Patterns, 2008, 2013, and 2014.

Based on business patterns data the food processing sector was comprised of 59 establishments in 2014. Based on 2014 location quotients London had eight industries

17 CAPI Processed Food Research Program, *The Performance of Canada's Food Manufacturing Industry*, 2014.

with a high business density. Between 2008 and 2013 the food processing sector experienced modest growth of 2.0%.

Although the total number of establishments in each of the 20 industries is relatively low, seven industries have establishments that employed 100+ workers in 2014:

- Breakfast cereal manufacturing*
- Ice cream and frozen dessert manufacturing
- Poultry processing
- Retail bakeries
- Commercial bakeries and frozen bakery product manufacturing
- Seasoning and dressing manufacturing
- Breweries

The food processing sector is represented by large companies such as; McCormick Canada, Cargill, and Labatt's Brewing Company. However, it was announced in December, 2014, that the Kellogg's breakfast cereal factory that had been in operation for 100 years will be closing resulting in 450 job losses. The closure of the plant is a direct result of a decline in global sales and profits.

5.1.3 Health Care and Life Sciences

The city of London's position as a regional urban centre in Southwestern Ontario provides it with a high density of services available to the surrounding region, particularly in the health care and life sciences sectors. The health care and life sciences sector is an important contributor to an innovative economy that is focussed on medical advancements to improve health care delivery and patient care not only in London, but across Ontario and Canada. Between 2008 and 2013 the city has also become home to a number of health and life science businesses and organizations, increasing the total number of establishments by 48.0% from 1,548 to 2,283.

FIGURE 27: HEALTH CARE AND LIFE SCIENCES SECTOR PROFILE, CITY OF LONDON, 2008-2014

Industry (NAICS)	City of London (vs Ontario)		City of London Business Patterns			
	2014 LQ	Classification	2014	2013	2008	2013-2008 % Change
325410 - Pharmaceutical and medicine manufacturing	0.81	Average	4	4	8	-50%
334512 - Measuring, medical and controlling devices manufacturing	2	High	20	20	24	-17%
339110 - Medical equipment and supplies manufacturing	2.03	High	44	37	32	16%
541710 - Research and development in the physical, engineering and life sciences	1.80	High	72	63	45	40%
541990 - All other professional, scientific and technical services	0.90	Average	235	144	101	43%
621110 - Offices of physicians	2.09	High	1385	1034	656	58%
621210 - Offices of dentists	1.45	Average	345	257	220	17%
621310 - Offices of chiropractors	1.31	Average	69	49	55	-11%
621320 - Offices of optometrists	1.43	Average	50	29	33	-12%
621330 - Offices of mental health practitioners (except physicians)	2.19	High	112	53	28	89%
621340 - Offices of physical, occupational, and speech therapists and audiologists	1.34	Average	103	53	48	10%
621390 - Offices of all other health practitioners	1.47	Average	461	268	82	227%
621410 - Family planning centres	1.78	High	4	4	4	0%
621420 - Out-patient mental health and substance abuse centres	1.30	Average	7	7	6	17%
621494 - Community health centres	1.09	Low	15	13	8	63%
621499 - All other out-patient care centres	1.53	Average	34	32	56	-43%
621510 - Medical and diagnostic laboratories	1.40	Average	52	46	43	7%
621610 - Home health care services	1.66	Average	51	32	22	45%
621911 - Ambulance (except air ambulance) services	1.20	Low	2	2	4	-50%
621990 - All other ambulatory health care services	1.40	Average	23	15	8	88%
622111 - General (except paediatric) hospitals	2.20	High	17	11	4	175%
622112 - Paediatric hospitals	5.96	High	3	3	0	100%
622210 - Psychiatric and substance abuse hospitals	2.24	High	2	2	2	0%
622310 - Specialty (except psychiatric and substance abuse) hospitals	1.75	High	3	2	2	0%
623110 - Nursing care facilities	1.14	Low	25	22	24	-8%
623210 - Residential developmental handicap facilities	0.97	Low	30	31	3	933%
623221 - Residential substance abuse facilities	2.06	High	5	4	1	300%
623222 - Homes for the psychiatrically disabled	0.47	Low	3	3	1	200%
623310 - Community care facilities for the elderly	1.01	Low	21	18	14	29%
623991 - Transition homes for women	1.27	Average	2	2	2	0%
623992 - Homes for emotionally disturbed children	1.81	High	12	12	6	100%
623993 - Homes for the physically handicapped or disabled	3.83	High	12	11	1	1000%

Source: Statistics Canada, Canadian Business Patterns, 2008, 2013, and 2014.

The city of London also had 13 industries within the health care and life sciences sector that had a significantly high location quotient in comparison to the province, representing a significant regional advantage. The sector also represents a significant number of larger employers in the city as well, with 33 establishments that have 100+ employees in the following industries:

- Medical equipment and supplies manufacturing
- Out-patient mental health and substance abuse centres
- Community health centres
- All other out-patient care centres
- Home health care services
- All other ambulatory health care services
- General hospitals
- Paediatric hospitals
- Psychiatric and substance abuse hospitals
- Nursing care facilities
- Residential developmental handicap facilities

- Community care facilities for the elderly
- Homes for emotionally disturbed children

It is also important to note that as a result of such a high number of large, and small, establishments in the health care and life sciences sector employs over 27,800 people in the city of London, representing 12.8% of the employed work force. In comparison the health care and life sciences sector employs 9.9% in Ontario.

5.1.4 Professional Services

The professional services sector is largely comprised of businesses in which human capital, the skills and knowledge of their employees, is the essential component of the business process or services provided. The sector is largely comprised of small firms that may often have few or no employees. The distinguishing factor of the sector is the fact that most of the production is wholly dependent on worker skill. Therefore businesses sell the expertise of their employees, rather than a more traditional good or service. The result is that the workforce within this sector is often highly skilled and educated representing a significant contribution to the economy.

In 2006 the professional services sector employed approximately 12,197 workers in London. By 2011 that had declined by 2.2% to 11,929. In comparison, the province has experienced significant growth in the sector growing by 16.4% over the same time period from 447,523 to 521,053. However more recently, the professional services sector, between 2008 and 2013, has experienced growth of 8.4% in the number of establishments operating in the sector from, 2,159 to 2,340.

FIGURE 28: PROFESSIONAL SERVICES SECTOR PROFILE, CITY OF LONDON, 2008-2014

Industry (NAICS)	City of London (vs Ontario)		City of London Business Patterns			
	2014 LQ	Classification	2014	2013	2008	2013-2008 % Change
541110 - Offices of lawyers	1.29	High	409	352	272	29.4%
541120 - Offices of notaries	5.04	High	3	0	0	-
541190 - Other legal services	0.89	Average	63	49	33	48.5%
541212 - Offices of accountants	1.18	Average	240	213	195	9.2%
541213 - Tax preparation services	1.25	High	39	34	27	25.9%
541215 - Bookkeeping, payroll and related services	0.94	Average	164	141	119	18.5%
541310 - Architectural services	0.71	Low	41	36	37	-2.7%
541320 - Landscape architectural services	0.93	Average	20	17	10	70.0%
541330 - Engineering services	1.02	Average	230	213	184	15.8%
541340 - Drafting services	1.21	Average	19	18	14	28.6%
541350 - Building inspection services	0.87	Average	18	18	17	5.9%
541360 - Geophysical surveying and mapping services	0.72	Low	3	4	6	-33.3%
541370 - Surveying and mapping (except geophysical) services	1.03	Average	9	7	7	0.0%
541380 - Testing laboratories	1.24	Average	21	20	24	-16.7%
541410 - Interior design services	0.66	Low	41	42	48	-12.5%
541420 - Industrial design services	0.62	Low	9	9	14	-35.7%
541430 - Graphic design services	0.62	Low	55	46	59	-22.0%
541490 - Other specialized design services	0.90	Average	23	12	7	71.4%
541611 - Administrative management and general management consulting services	0.76	Average	392	342	422	-19.0%
541612 - Human resources consulting services	1.42	High	69	61	54	13.0%
541619 - Other management consulting services	0.72	Low	212	141	124	13.7%
541620 - Environmental consulting services	0.85	Average	32	26	19	36.8%
541690 - Other scientific and technical consulting services	0.93	Average	173	144	111	29.7%
541720 - Research and development in the social sciences and humanities	0.91	Average	10	7	6	16.7%
541810 - Advertising agencies	0.89	Average	58	53	51	3.9%
541820 - Public relations services	0.42	Low	8	5	10	-50.0%
541830 - Media buying agencies	0.33	Low	1	1	2	-50.0%
541840 - Media representatives	0.90	Average	9	8	7	14.3%
541850 - Display advertising	1.16	Average	17	14	11	27.3%
541860 - Direct mail advertising	0.96	Average	3	2	2	0.0%
541870 - Advertising material distribution services	0.85	Average	9	6	3	100.0%
541891 - Specialty advertising distributors	1.07	Average	13	12	13	-7.7%
541899 - All other services related to advertising	1.03	Average	42	22	24	-8.3%
541910 - Marketing research and public opinion polling	0.88	Average	23	20	19	5.3%
541920 - Photographic services	0.83	Average	55	42	48	-12.5%
541930 - Translation and interpretation services	0.55	Low	13	8	7	14.3%
541940 - Veterinary services	1.04	Average	58	51	52	-1.9%
541990 - All other professional, scientific and technical services	0.90	Average	235	144	101	42.6%

Source: Statistics Canada, Canadian Business Patterns, 2008, 2013, and 2014.

The professional services sector in the city of London has a high location quotient in four specific industries that represent a regional advantage in comparison to the province:

- Offices of notaries (LQ 5.04)
- Human resources consulting services (LQ 1.42)
- Offices of lawyers (LQ 1.29)
- Tax preparation services (LQ 1.25)

Perhaps more importantly, one of the defining characteristics of the professional services sector is the overwhelming number of small business. In 2014 68.5% of all businesses in the sector did not have any payroll employees and 20.1% had between

one to four employees. With 88.6% of businesses employing four or fewer employees these firms represent the entrepreneurial nature of the sector and contribute significantly to not only London's, but the province's economy.

5.1.5 Digital Creative

The digital creative sector in London is largely defined by the establishment of innovative local start-ups that focus on digital interactive media development and software and hardware development that is building a diverse technology sector.

The digital creative sector employed 4,962 people in 2011, a decline of 12.9% from 5,694 in 2006. In comparison, the digital creative sector across Ontario has seen employment increase by 6.0% from 240,579 people in 2006 to 255,043 in 2011. This relatively low employment compared to other major sectors of the economy serve to highlight how small the digital creative sector currently is in the city.

The figure below contains the 22 industries that comprise the city of London's digital creative sector and represents 678 businesses in 2014. Although the total number of businesses declined by 3.9%, there are a number of industries that have experienced growth that have the potential to growth the sector in the future.

FIGURE 29: DIGITAL CREATIVE SECTOR PROFILE, CITY OF LONDON, 2008-2014

Industry (NAICS)	City of London (vs Ontario)		City of London Business Patterns			
	2014 LQ	Classification	2014	2013	2008	2013-2008 % Change
417310 - Computer, computer peripheral and pre-packaged software merchant wholesalers	0.94	Low	25	23	37	-37.8%
417320 - Electronic components, navigational and	0.97	Low	28	28	23	21.7%
511211 - Software publishers (except video game	0.87	Low	29	28	21	33.3%
511212 - Video game publishers	3.54	High	3	1	-	100.0%
512110 - Motion picture and video production	0.18	Low	29	28	22	27.3%
512120 - Motion picture and video distribution	0.16	Low	1	1	3	-66.7%
512130 - Motion picture and video exhibition	1.24	Average	8	8	9	-11.1%
512190 - Post-production and other motion picture and video industries	0.43	Low	6	3	1	200.0%
512210 - Record production	1.00	Low	2	0	0	0.0%
512220 - Integrated record production/distribution	0.66	Low	2	1	3	-66.7%
512230 - Music publishers	0.55	Low	3	3	3	0.0%
512240 - Sound recording studios	0.49	Low	3	4	3	33.3%
512290 - Other sound recording industries	2.25	High	5	3	1	200.0%
517111 - Wired telecommunications carriers (except cable)	0.17	Low	1	0	1	-100.0%
517112 - Cable and other program distribution	0.19	Low	1	1	2	-50.0%
517210 - Wireless telecommunications carriers (except satellite)	0.49	Low	3	2	5	-60.0%
517410 - Satellite telecommunications	0.70	Low	2	2	0	100.0%
517910 - Other telecommunications	0.92	Low	23	15	15	0.0%
518210 - Data processing, hosting, and related services	1.12	Low	42	21	19	10.5%
519130 - Internet publishing and broadcasting and web search portals	0.81	Low	22	16	8	100.0%
541514 - Computer systems design and related services	0.48	Low	434	406	444	-8.6%
541515 - Video game design and development services	1.25	High	6	2	0	100.0%

Source: Statistics Canada, Canadian Business Patterns, 2008, 2013, and 2014.

Only three industries within the creative digital sector had high location quotients:

- Video game publishers (3.54)
- Other sound recording industries (2.25)
- Video game design and development services (1.25)

Although London's creative digital sector remains relative small, the business density of firms related to video game design, development, and publishing represent an area of strength that could be key to the sector in the future.

5.2 Building Permit Activity

Building permit activity can be a strong indicator of the strength of a local economy, particularly as it relates to the community's ability to attract new residential and non-residential investment, and the level of interest the community generates among potential residents or business investors. Communities that maintain a robust level of building activity can generally be considered strong competitors for economic and community development.

Despite broader economic challenges placing pressure on the city of London and southwest Ontario over the last five years, London has maintained a moderate level of activity in its building sector. Since 2009, the city has averaged $767.1 million in total building permit value, with total value sitting at $818.5 million in 2014[18]. This represents a 12% increase over 2013 permit values, and a 48% increase since 2009[19]. On a per capita basis, London generated total construction values ($1,921) only slightly lower than the average permit values at the provincial ($2,192) and regional (i.e. southwest Ontario) ($2,172) levels in 2013, placing it at a mid-level ranking among other municipalities in Ontario[20]. The city illustrated similar comparative trends in 2009, ranking in the mid-range relative to other municipalities in Ontario and southwest Ontario[21].

This section takes a detailed look at permit values and construction activity by sector, and where possible, compares London's recent building activity to broader provincial and regional trends.

5.2.1 Residential Building Activity

Residential building activity generally makes up a notable portion of total building activity in a community. In 2013, residential construction made up an average of 59% of total construction value in communities across Ontario, with London's residential

[18] City of London. Summary Listings of Building Construction Activity.

[19] Ibid.

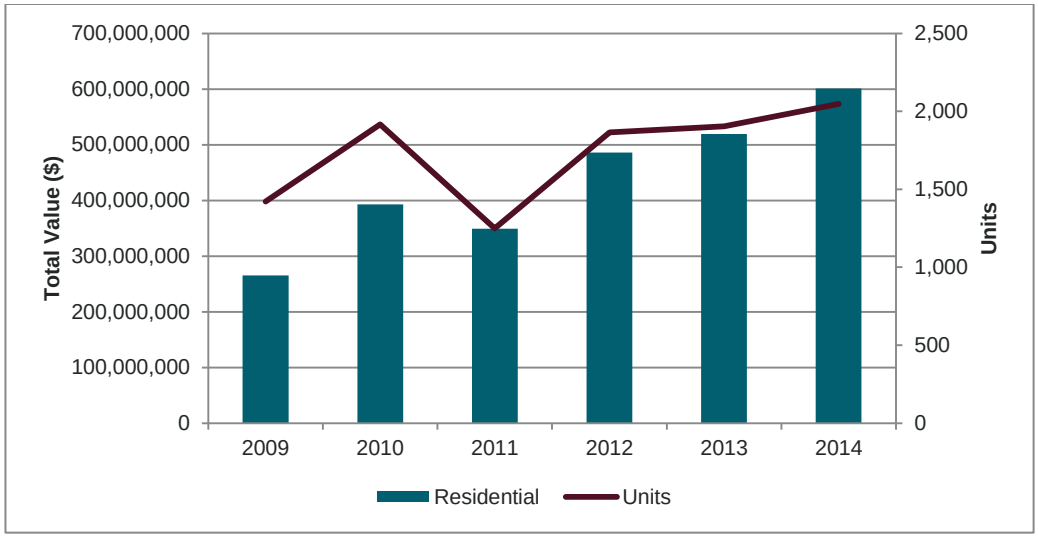
[20] BMA. (2014). Municipal Study.

[21] BMA. (2010). Municipal Study.

sector making up 71% of total construction activity[22]. That share climbed slightly higher in 2014, with residential permits accounting for 73% of total construction activity[23].

The city of London has averaged approximately $435.6 million in residential construction activity per year since 2009. Over the same time period, the city added a total of 10,405 new residential units, or an average of 1,734 new residential units per year. The majority of those units were single detached residences (44%), with a notable number of new units also contributed by more medium and higher density duplex, triplex, and apartment buildings (31%). Overall, residential permit values have grown by 127% since the 2008-2009 recession, suggesting continued interest in residential investment across the city.

FIGURE 30: RESIDENTIAL SECTOR TOTAL CONSTRUCTION ACTIVITY, CITY OF LONDON, 2009-2014



Source: City of London, Summary Listings of Building Construction Activity

From an economic development perspective, continued development of the residential sector of the economy suggests a range of potential benefits. This includes continued opportunities to accommodate new population growth, as well as opportunities to further diversity housing in the city (and perhaps, accomplish housing affordability objectives). The city appears to be generating average levels of activity in the residential sector, suggesting competitive performance on residential development.

[22] BMA. (2014). Municipal Study.

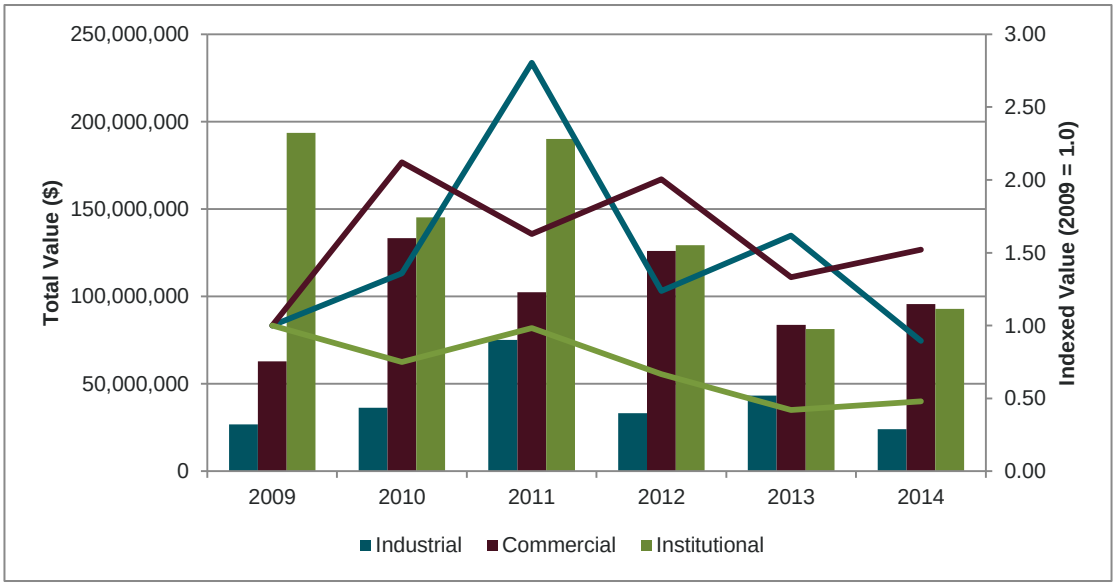
[23] City of London. (2014). Summary Listings of Building Construction Activity.

5.2.2 Non-Residential Building Activity

Non-residential building activity (i.e. industrial, commercial, and institutional, or ICI) generally makes up a comparatively smaller share of total building activity in a community.

However, most types of non-residential development can offer net benefits to a community, in terms of tax revenues generated less community service costs. As a result, a robust non-residential building sector is often a common economic development objective.

FIGURE 31: NON-RESIDENTIAL SECTOR TOTAL CONSTRUCTION ACTIVITY, CITY OF LONDON, 2009-2014



Source: City of London, Summary Listings of Building Construction Activity

The institutional sector has largely driven non-residential construction activity in the city over the last five years, averaging approximately $138.7 million in building activity per year. Much of this activity is a result of capital expenditures at the city's major institutions (e.g. Western University, London Health Sciences). However, institutional building activity has been on a steady decline since robust levels of activity following the 2008-2009 recession (and associated public investments in infrastructure), falling at an average annual rate of 14% over the five-year period.

Permit values in the industrial sector also declined slightly over the time period, falling at an average annual rate of 2% from 2009 to 2014. Overall, the city generated $39.8 million in industrial construction activity per year over the last five years, including industrial building activity totalling $75 million in 2011, largely based on new builds and additions in the City of London's Innovation Industrial Park.

The commercial sector averaged approximately $100.7 million in annual construction activity over the last five years, with construction activity in the commercial sector

generating a larger share of ICI construction activity than the institutional sector in both 2013 and 2014. Further, the sector was the only one to experience growth, increasing at an average annual rate of 8.8% from 2009 to 2014. The $95.7 million in construction activity generated by the sector in 2014 sits just above the $92.8 million generated in the institutional sector, and well above the $24.0 million generated in the industrial sector.

The non-residential sector has been experiencing downward trends in construction activity over the last five years, with total non-residential building activity declining at approximately 5.6% per year from 2009 to 2014. This is in contrast to increasing values and levels of activity in the residential sector. Overall, it would appear that much of the development activity in the city over the last five years has been oriented towards accommodating and supporting population growth (i.e. either residential or commercial development). Industrial development, while still generating stable levels of investment over the last five years, continues to generate more limited value in the non-residential building sector.

5.3 Employment Land Supply

In order to attract and retain a wide range of non-residential investment, a city must have a robust and sustainable supply of vacant employment lands with a range of characteristics. Without that inventory, a community risks missing likely forms of economic development opportunity, while potentially underserving the growth of its existing business community. This section provides an overview of London's existing employment land supply.

5.3.1 Total Employment Land Inventory

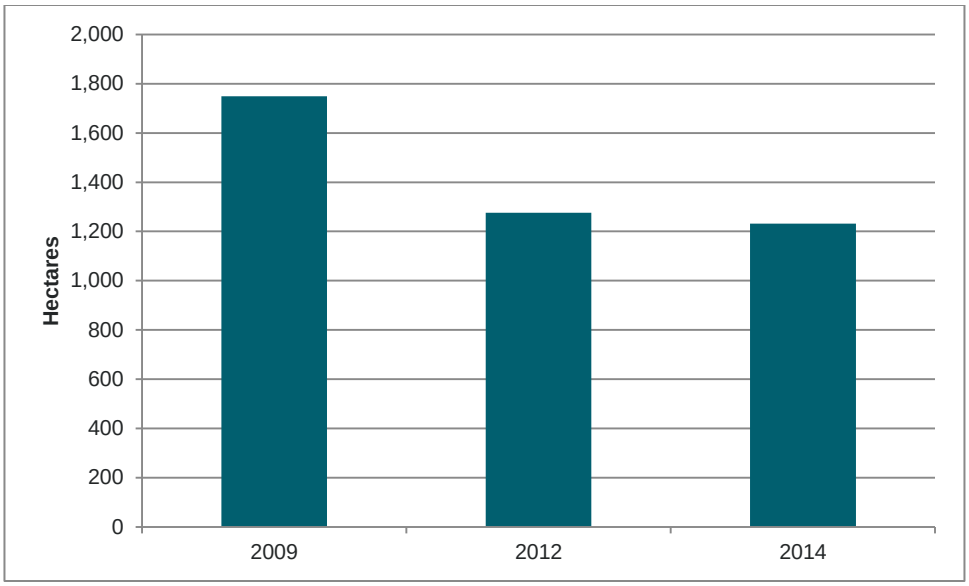
The 2014 Industrial Land Development Strategy identified a total inventory of 1,232 gross hectares (3,044 gross acres) of vacant employment[24] land in the city, with the majority of that inventory privately owned. Only 215 gross hectares (531 acres) is owned by the City, with the majority of that City-owned supply (56%) not yet serviced. Overall, the employment land inventory has been steadily declining over the last several years, moving from an estimated 1,749 gross hectares (4,321 acres) of vacant land at the end of 2009[25].

The primary barrier to employment land development in London is the lack of interest on the part of the private sector in servicing land. As such, the comparative lack of supply controlled (and thus developed) by the City of London is perceived as a competitive disadvantage, given the fact that the private sector is not anticipated to play a major role in developing new lands.

[24] Employment land is defined as lands designated General Industrial, Light Industrial, Office Business Park, or Urban Reserve Industrial Growth in the City's Official Plan.

[25] Panzer. (2012). Industrial Lands Study, City of London, Planning Services. (2011)

FIGURE 32: TOTAL VACANT EMPLOYMENT LAND SUPPLY, HECTARES, CITY OF LONDON



Source: City of London, Planning Division, Panzer (2012).

The Industrial Lands Study completed in 2012 noted a number of barriers with regards to the total supply of industrial lands in London, namely related to the distribution of the inventory by location and size. For parcel size, much of the discussion continues to focus on the need for large contiguous parcels to accommodate industrial development, of which London has a limited (and declining) supply of existing lands, and a number of barriers facing the expansion of supply. From a geographic perspective, the location of the existing inventory is largely concentrated in five major clusters, with varying levels of competitiveness, as outlined below.

- The London International Airport area, which offers large general industrial sites with multimodal transportation connections, but suffers from lack of servicing, zoning restrictions associated with the airport, and distance from the Highway 401 corridor.
- The Veterans Memorial Parkway Corridor, which holds the majority of the City's industrial land supply and offers large contiguous sites in close proximity to the Highway 401 corridor as well as office business park lands, but faces barriers in its current lack of servicing, and lack of interest in development on the part of the current owners of much of the high potential lands in the area.
- The Highway 401 corridor between Wellington Road and the Urban Growth Boundary, which potentially offers sites with high visibility, but faces barriers in terms of the lack of planning approvals for industrial development and constraints from wetland features and a hydro corridor.
- The Exeter Road corridor between Wonderland Road and Highway 401, which holds a notable share of the city's Urban Reserve-Industrial Growth lands, but

faces competing pressures from adjacent non-industrial uses which constrain its potential.

- The CN and CP Rail corridors east of Downtown, which represent the older inner-city industrial areas of London, and from the perspective of the Industrial Lands Study, offer little potential to accommodate notable amounts of employment through infill development.

The limited supply currently held by the City could, in and of itself, be viewed as a barrier. However, the Industrial Land Development Strategy outlines several additional challenges associated with the City's existing inventory of 215 hectares:

- Approximately 100 ha (47%) is located north of the Thames River, far removed from the Highway 401 corridor – a key industrial location advantage for the City
- Only 94 hectares (44%) is serviced and considered shovel-ready
- Only 65 hectares of that serviced inventory are south of the Thames River, in parcels greater than five hectares in size
- Approximately 37 hectares of the 65 serviced hectares face considerable constraints to eventual development

It is estimated that the City has only 28 hectares of vacant, shovel ready employment land appropriate for development in London's target sectors. This includes sites that offer municipal servicing, access to Highway 401, quick development timelines, and large contiguous development area (over five hectares). Supply is even more constrained when considered within the context of large industrial users, with the City having no serviced industrial parcels over 15 hectares. In part, this has driven the City of London to pursue an industrial land strategy composed of land acquisition and development tactics, particularly within key locations. This includes along major transportation corridors (e.g. Highway 401, Veteran's Municipal Parkway, Highway 402), and adjacent to major assets (e.g. London International Airport, International Water Excellence Centre).

However, little emphasis seems placed on smaller scale industrial users in the strategy both new businesses in the city, but also the growing small business base of the city. Further, little emphasis seems placed on industrial users that may require industrial-commercial or business park type lands that facilitate both knowledge-based and industrial employment opportunities, but in sites ranging from one to five acres (e.g. professional services like engineering). There may be gaps in serving both market segments. For example, the total supply of lands designated for office business park and light industrial uses are very limited, particularly office business park uses. This has potential impacts on London's ability to accommodate increasing levels of knowledge-based employment in the industrial sectors, as well as accommodate business park type development in the knowledge-based sectors.

Generally speaking, London's existing market choice for industrial lands is quite limited in terms of locational characteristics (e.g. servicing status, size ranges – both large and small), particularly in terms of public sector supply, with a number of challenges anticipated in expanding that supply. Much of the emphasis continues to be placed on

developing publicly owned supply along the Highway 401 corridor and key transportation corridors leading to the Highway, particularly in support of investment attraction objectives favouring large-scale industrial uses. While this remains a viable economic development tactic, an over-reliance or over-emphasis on developing externally-oriented large sites with highway visibility may miss potential opportunities to serve the growing base of businesses already in the city. Further, a strategy too reliant on public expenditure to service these lands, paired with comparatively lower rates of development and lack of cost-recovery measures (e.g. development charges), may expose the City to uncertainty. As such, there may be additional strategies to pursue to encourage greater private sector involvement in the development of industrial lands that meets an overall goal of expanded market choice for all potential users.

5.3.2 Industrial Land Cost

Municipally-owned industrial lands in the city are available at prices consistent with municipally-owned land in most other municipalities in southwest Ontario, at average prices of between $65-75,000 per acre. Though both St. Thomas and Sarnia offer lower industrial land prices than London, the city's comparative size and positioning along the Highway 401 corridor likely still place it in a competitive position despite the price differential.

FIGURE 33: PUBLICLY INDUSTRIAL LAND PRICES, PER ACRE, SELECT SOUTHWEST ONTARIO MUNICIPALITIES

Municipality	High	Low
London	$75,000	$65,000
Cambridge	$145,000	
Sarnia	$70,000	$60,000
St. Thomas	$45,000	
Windsor	$130,000	$65,000

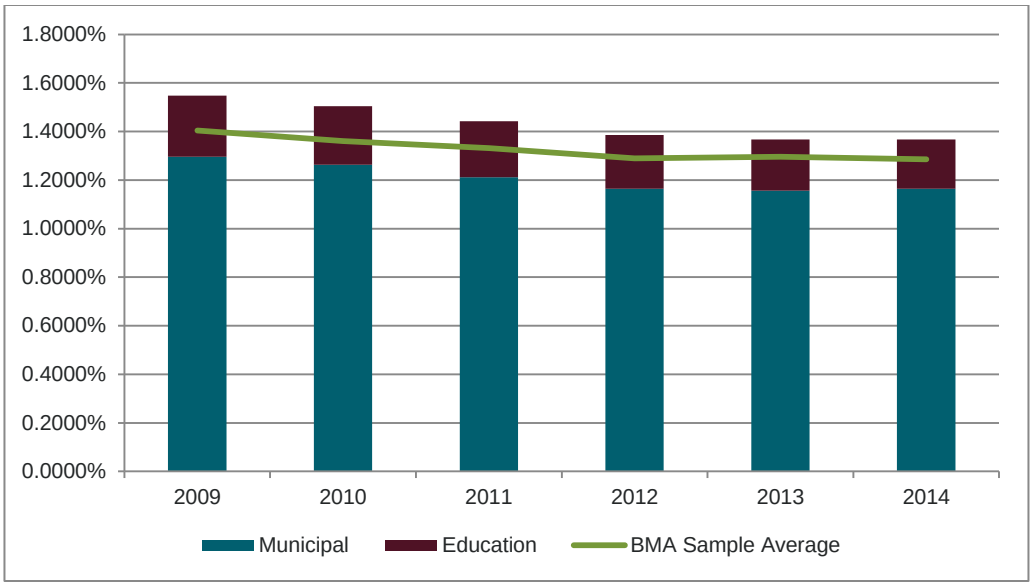
Source: BMA, 2014

5.4 Property Taxes and Development Charges

5.4.1 Residential and Non-Residential Tax Rates

Both residential and non-residential tax rates have declined in London since 2009, but in many cases, still remain above average tax rates among other municipalities in Ontario. The total residential tax rate (i.e. municipal and education) in London sat at 1.3678% in 2014, down from a total rate of 1.5476% in 2009. Though closer to the average residential tax rate in the BMA sample of municipalities in 2014 than it was in 2009, the city's total residential tax rate was higher than the provincial average of 1.2851% in 2014.

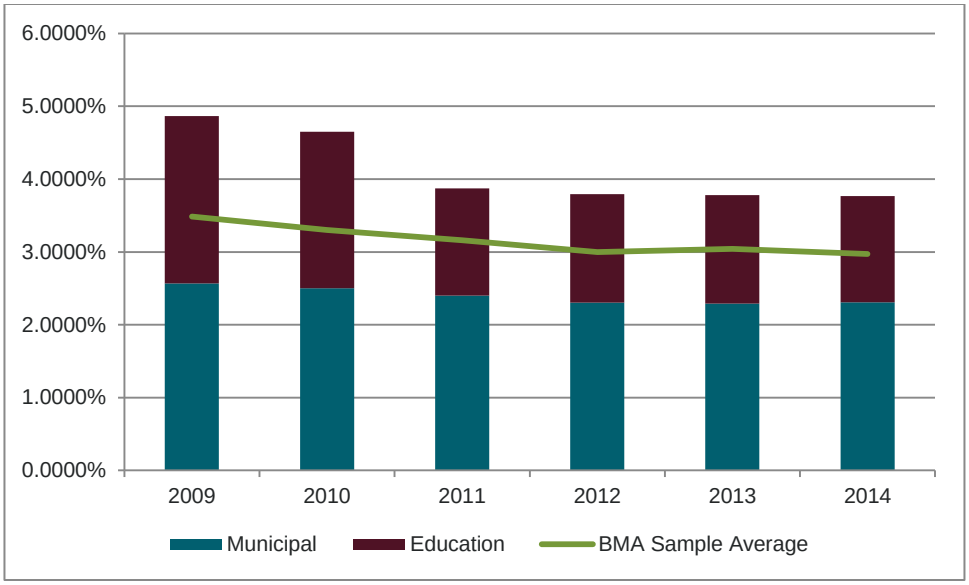
FIGURE 34: TOTAL RESIDENTIAL TAX RATES, CITY OF LONDON, 2009-2014



Source: BMA Municipal Studies

Similarly, total commercial tax rates in the city have declined over the last five years as well, moving from a total rate of 4.8654% in 2009 to 3.7663% in 2014. As with residential tax rates, the downward movement of commercial rates in London has moved the city closer to the average commercial rates among BMA's sample of Ontario communities, improving the city's competitiveness.

FIGURE 35: TOTAL COMMERCIAL TAX RATES, CITY OF LONDON, 2009-2014

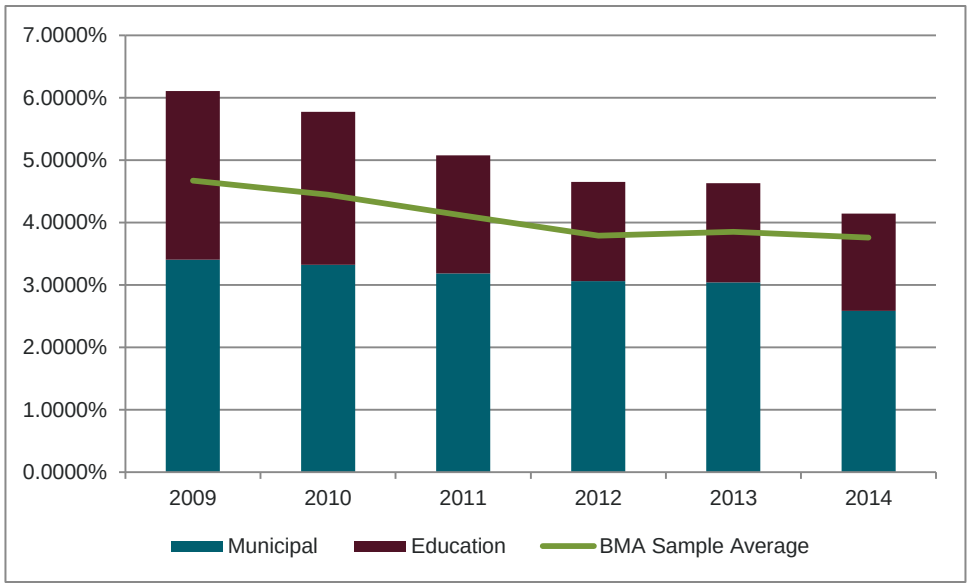


Source: BMA Municipal Studies

As with the general trends in other property classes, the total industrial tax rate moved from 6.1075% in 2009, to 4.1458% in 2014. This represents the largest decline in total rates among the residential, commercial, and industrial property classes in the city since 2009. Despite that reduction over the last five years, the city's total industrial tax rates remain the highest of all property classes in 2014.

However, the reduction in the city's total industrial tax rate perhaps represents one of the more notable increases to the city's competitiveness, from a property tax perspective. Considering the gaps between the average total rates of the BMA sample communities and the City of London for each class in 2014, the reduction in total industrial tax rates at the city made the most ground on closing this competitive gap among the property classes.

FIGURE 36: TOTAL INDUSTRIAL TAX RATES, CITY OF LONDON, 2009-2014



Source: BMA Municipal Studies

London's total tax rates place it higher than the average rates among a notable portion of the province's communities. However, the continued downward trend in total rates among each of the property classes examined represents an advantage from a residential and non-residential investment perspective, and is particularly notable in terms of reduced operational costs for non-residential investments.

5.4.2 Tax Revenue by Property Class

As noted previously, most types of non-residential development can offer a municipality strong net fiscal benefits. As a result, most municipalities strive for a balanced share of revenues associated with non-residential development, as a means

of limiting the tax burden on any given property class, while also generating the revenue needed to provide an optimal level of services in the municipality.

Municipal tax revenues associated with residential and non-residential development have grown consistently in the city since 2009. Residential taxes grew by an average of 2.3% annually from 2009 to 2013 while taxes associated with non-residential development (i.e. commercial and industrial) grew at a rate of 1.5% per year[26]. Though stable, these rates were lower than growth rates for tax revenue in lower-tier/single-tier communities across Ontario, where residential and non-residential revenues grew at annual rates of 4.0% and 2.8% respectively over the same time period[27].

The city of London has achieved a relatively stable split of revenues associated with non-residential and residential development over the last several years. The revenues associated with residential and non-residential development were split 76.0% to 24.0% in 2009, changing to just 76.6% and 23.4% respectively by 2013. Conversely, the share of revenue associated with non-residential development dropped almost a full percentage point at the provincial level, moving from a 28.7% share in 2009 to a 27.8% share in 2013. Though slightly less balanced than provincial figures for lower- or single-tier communities, the city of London has maintained a stable revenue split. That said, a higher share of revenues associated with non-residential development might improve the City's fiscal positioning, and should continue to be an objective for economic development.

5.4.3 Assessment Trends

Changes in assessment can be attributed to new growth in a municipality, and changes in market value among existing properties in a municipality (i.e. expansion, revitalization, or redevelopment). Municipalities with notable changes in their assessment are likely experiencing economic or population growth, including rising property value impacts associated with an influx of new residents and the tightening of the housing market, but also new and revitalized facilities associated with an influx of investment.

The city of London has achieved low to moderate increases in its unweighted assessment[28] over the last five years, with growth rates consistently lower than averages among BMA sample communities across the region and Ontario. While the city achieved annual assessment growth of approximately 6.0% from 2009 to 2012, annual growth rates have dropped considerably since that time, with assessment growing by just 3.9% from 2012 to 2013, and 3.7% from 2013 to 2014[29]. In part, this

[26] Ministry of Municipal Affairs and Housing. Financial Information Return (FIR) data.

[27] Ibid.

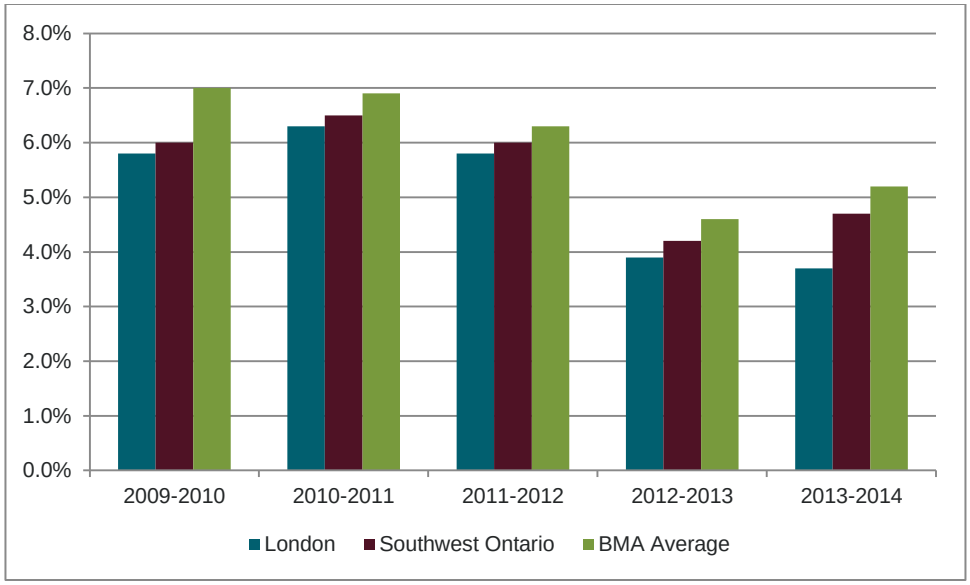
[28] Unweighted assessment provides the actual current value assessment of properties in the municipality. Weighted assessment reflects the basis upon which property taxes are levied, after applying the municipal tax ratios of the various property classes to the unweighted assessment.

[29] BMA. (2014). Municipal Study.

reflects broader trends, as growth rates across both southwest Ontario and the province declined as well, but London's performance remains consistently behind both regional and provincial trends.

Much of the slower growth can likely be attributed to the performance of the industrial sector in the city. From 2009 to 2013, residential assessment in the city grew at an average annual rate of 4.6%, while multi-residential assessment and commercial assessment grew at 2.7% and 2.4% respectively over the same time period[30]. In contrast, industrial assessment stayed relatively consistent over the time period, declining by 0.02%[31]. While residential and commercial sectors of the city have grown moderately over the time period, the industrial sector's comparatively more limited performance has tempered overall assessment growth, likely as a result of slower rates of investment in the sector (as illustrated by permit values), as well as general consolidation and decline in major industrial sectors of the economy (e.g. manufacturing), resulting in the loss of occupied space.

FIGURE 37: CHANGE IN UNWEIGHTED ASSESSMENT, YEAR TO YEAR



Source: BMA, 2014

Though assessment is not the only measure that should be used to assess success in terms of investment attraction and economic performance, assessment values and change in assessment can provide an indication of both the fiscal health of the municipality, and the growth – either through new investment or rising property values – that a municipality has been able to achieve. London's unweighted assessment values per capita ($94,554) rank low compared to the total BMA sample of

[30] Ministry of Municipal Affairs and Housing. Financial Information Return (FIR) data.

[31] Ibid.

municipalities, and well below average vales of the whole sample ($133,081) and the southwest region ($136,094) in 2014[32]. Paired with the comparatively lower rates of growth over the last five years, London seems to be somewhat underperforming relative to other communities. As such, a more coordinated effort to encourage the growth of assessment in the city is needed, balanced between the attraction of new investment and the growth of existing businesses/revitalization of existing properties that can drive growth in value.

5.4.4 Development Charge Rates

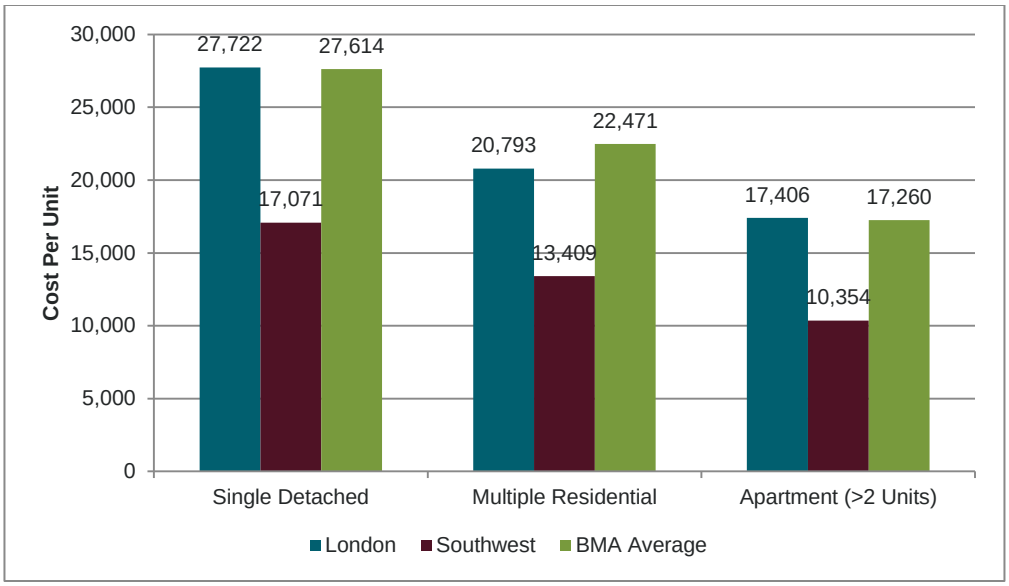
Development charges generally account for a smaller share of total development cost than factors like construction and land. However, development charges can still play a role in the competitiveness of a community for new investment, given the need for them to be paid during the development phases of a project. The challenge for municipalities is to balance their need for development charges as a means of paying for growth-related infrastructure with the need to remain competitive for new investment.

In most cases, London's residential development charges are in line with development charge rates among BMA's sample of Ontario communities, and in the case of multiple residential units, slightly lower on a per unit basis. When considered within the region, London's residential development charges remain on the higher side of the regional sample, among many of the region's larger communities (e.g. Guelph, Cambridge, Kitchener, and Waterloo), which are also experiencing notable levels of growth in the residential sector.

Residential development charge rates have risen across all three jurisdictions since 2009, with development charges increasing by between 44% for apartments over two units, up to 58% for single detached houses in London. Development charges for each residential type in London grew at faster rates than growth of average rates across the southwest region and BMA sample since 2009. However, as noted before, residential development charge rates in London remain competitive with most other communities in Ontario despite that growth.

[32] BMA. (2014). Municipal Study.

FIGURE 38: RESIDENTIAL DEVELOPMENT CHARGE RATES, 2014

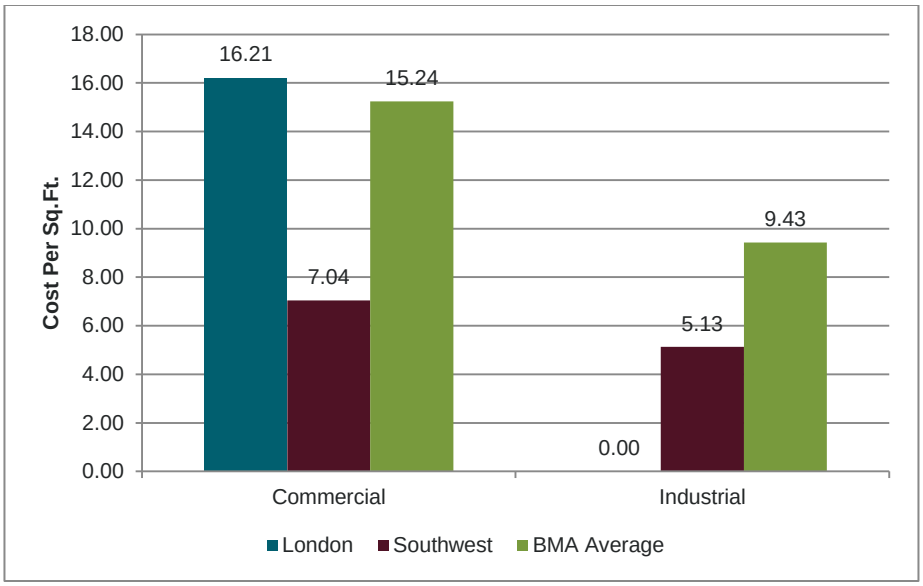


Source: BMA, 2014

Similarly, London's commercial development charge rates are consistent with the average rate among BMA's sample of Ontario communities in 2014, and similar to Hamilton, Kitchener, Waterloo, and Barrie. From a regional perspective though, these rates are well above the average across southwest Ontario, or an additional $9.17 per square foot of commercial development higher. It is worth noting that London's commercial development charges have exhibited a downward trend since 2009, where average development charge rates across southwest Ontario and the rest of the province have generally moved higher. From 2009 to 2014, commercial development charges dropped by 20%, while commercial development charges increased by 27% and 39% respectively among the BMA sample communities in southwest Ontario and across Ontario respectively.

From an industrial perspective, London remains one of the few communities in southern Ontario with no industrial development charges. This places London in a competitive position with regards to industrial development cost, and has likely factored into several major location decisions made by industrial tenants over the last several years. In particular, this includes examples like the larger new industrial buildings (e.g. Dr. Oetker, Hanwha, and Original Cakerie) and expansions of the city's existing industries (e.g. CS Tubing) in the City's Innovation Industrial Park.

FIGURE 39: NON-RESIDENTIAL DEVELOPMENT CHARGE RATES, 2014



Source: BMA, 2014

Overall, the city maintains a competitive positioning for both residential and non-residential investment, in terms of development charge rates. From a non-residential perspective, the declining rates for commercial investments have likely assisted with encouraging growth in construction activity over the last several years, while the lack of development charges on the industrial side have likely contributed to the city maintaining its industrial construction activity and assessment levels despite broader challenges that influence the sector.

However, the lack of development charges also raises an interesting question, particularly when considered in the context of the city's competitiveness for industrial development over the last several years. Based on construction activity and assessment trends, and notwithstanding the growth that has occurred, the lack of development charges may not, in fact, have considerably influenced industrial development over the last several years. From that perspective, it may be valuable for the City to consider its development charge policies (and perhaps other incentives), to ensure that the policies in place are achieving the objectives they were created to achieve. The lack of development charges can have an impact on a municipality's ability to adequately finance growth, or may place a burden on other property classes to finance growth-related projects like industrial park servicing.

6 Summary

The Technical Report is intended to provide an understanding of London's performance relative to a wide range of demographic and labour force characteristics, business trends, and market competitiveness factors, to offer a deeper understanding of the competitive positon of London's economy and its contributing industries.

All of the information contained in this report, together with the intelligence and insight derived from the stakeholder engagement process will serve to inform the reporting of Strengths, Weaknesses, Opportunities, and Threats for economic growth and development in London. These results in turn will assist with framing the strategic direction for London's Economic Roadmap, meant to guide all economic and community development stakeholders in London towards a more economically prosperous city.

Appendix I: Comparative Analysis

The following table is referenced several times throughout the technical report, to provide a comparison of London's performance on various indicators relative to other mid-sized cities in Ontario.

Comparators	London	Hamilton	Kingston	Kitchener	Waterloo	Barrie	Windsor	Ontario
Population in 2011	366,151	519,949	123,363	219,155	98,780	135,711	210,891	12,851,821
Population growth	3.9%	3.1%	5.3%	7.1%	1.3%	5.7%	-2.6%	5.7%
Immigrant Population (%)	21.2%	24.5%	13.0%	26.1%	24.6%	12.5%	27.1%	28.5%
Diversity (Visible Minority Population %)	16.1%	15.7%	7.4%	18.4%	20.4%	7.6%	22.9%	25.9%
Population Under 25 years (%)	37.6%	37.4%	36.7%	37.7%	41.2%	41.3%	37.3%	37.0%
Population Under 35 years (%)	51.5%	49.7%	50.5%	53.2%	54.1%	54.6%	49.8%	49.6%
Population 25 to 44 years (%)	26.7%	25.2%	25.8%	29.8%	26.8%	28.1%	26.1%	26.3%
Population 45 to 64 (%)	27.8%	28.7%	27.6%	26.6%	26.8%	26.1%	27.4%	28.7%
Population with a University Degree (%)	26.2%	21.4%	28.6%	22.7%	40.7%	18.0%	22.8%	27.5%
Unemployment 2014 (CMA)1	7.6%	5.9%	6.8%	6.6%		6.0%	8.8%	7.3%
Unemployment 15 to 24 Years 2014 (CMA)1	15.70%	14.30%	16%	12.20%		11.10%	16.50%	15.6%
Unemployment 25 to 44 Years 2014 (CMA)1	6.50%	4.70%	6.60%	5.20%		4.80%	7.70%	6.4%
Median Household Total Income ($)	$ 56,241	$ 60,259	$ 59,935	$ 63,709	$ 77,626	$ 69,471	$ 49,113	$ 66,358
Prevalence of low income based on after-tax low income measure	16.7%	15.7%	14.6%	13.4%	10.8%	12.2%	23.7%	13.9%
2014 Median Absorbed Single/semi detached Price ($)	$ 370,000	$ 480,000	$ 300,000	$425,000		$ 410,000	$ 340,000	$ 495,000
Development Charge Rates	**London**	**Hamilton**	**Kingston**	**Kitchener**	**Waterloo**	**Barrie**	**Windsor**	**Median**
Non Residential Commercial per sq. ft.	$ 16.21	$ 19.38	$ 13.90	$ 16.03	$ 16.64	$ 17.28	$4.49	$ 13.70
Non Residential Industrial per sq. ft.	$ -	$9.59	$ 7.74	$8.64	$11.76	$ 11.58	$ -	$ 7.74

1. Statistics Canada, Labour Force Survey, CANSIM 282-0001 & 0135, 2014.