

BRIEFING

**Planning & Development Briefing to
Priorities and Finance Committee
2019 October 08**

**ISC: UNRESTRICTED
PFC2019-1111**

Downtown Strategy Update

PURPOSE OF BRIEFING

The downtown strategy supports Calgary's economic recovery and resilience. The implementation of the downtown strategy continues through its four focus areas: Place, Work, Live, and Connect. The briefing includes a 2019-Q2 snapshot, comparative analysis, and update on recent activities.

SUPPORTING INFORMATION

Previous Council Direction

On 2019 July 22, Council approved PFC2019-0664 that directed Administration to continue implementing the Downtown Strategy.

At the 2019 April 01 Strategic Council Meeting, Council approved the following recommendations:

1. Endorse the direction as presented (C2019-0415-Downtown Strategy and Focus);
2. Direct Administration to provide an update on the further development of a Downtown Strategy to the Priorities and Finance Committee in 2019 July and October; and,
3. For the July Priorities and Finance Committee, Administration further refine the Downtown Strategy to include: heritage, safety, and competitive research.

Downtown Calgary Snapshot 2019-Q2 (Attachment 1)

- The combined office vacancy in downtown and the Beltline was 26.35 per cent in Q2, trending favourably and down slightly from 26.37 per cent in Q1.
- Downtown Calgary experienced positive office absorption of 144,812 square feet in Q2, its fourth consecutive quarter of positive absorption. Calgary had the third highest downtown office absorption in Canada, only Montreal and Toronto were higher in Q2. For comparison, in Q1, Calgary had positive downtown office absorption of 289,515 square feet, the highest in the country.
- In Q2, 1,405 events and programs with 473,251 attendees contributed to downtown vibrancy. In addition, summer programming and events further enhanced downtown vibrancy. For example, the Chinatown Street Festival held on August 17, contributed to downtown vibrancy with over 65 cultural and merchant tents, dozens of cultural performances, a family fun zone, and approximately 45,000 attendees which is up 25,000 from 2018.

Comparative Analysis

Conducting a comparative analysis with other metropolitan areas in Canada and the United States (Calgary, Edmonton, Montreal, Ottawa, Toronto, Vancouver, Austin, Dallas, Denver, Detroit, Houston, Nashville, Oklahoma City and Pittsburgh) through the normalization of data that accounts for population, economic indicators, and downtown office supply and vacancy rate reveals key insights.

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- Calgary led major Canadian metropolitan areas in terms of nominal gross domestic product (GDP) per capita in 2018 at \$78,597, significantly higher than Toronto, Montreal, and Vancouver.
- In 2019, Calgary was ranked as the fifth most livable city in the world and the most livable city in North America (*Source: Economist Intelligence Unit*).
- While downtown office vacancy rate is a frequently referenced indicator, looking at office supply, office occupancy, and office absorption tells a more comprehensive story.
- Once normalized for population size, Calgary has by far, not only the highest downtown office supply per capita, but also the highest downtown office space occupied per capita among the cities studied. Calgary has 42 square feet of downtown office supply per capita compared to an average of 14.6 square feet per capita among the cities studied. Calgary has 31 square feet of downtown office space occupied per capita compared to an average of 11.9 square feet per capita among the cities studied.
- In 2019-Q2, Calgary had the lowest downtown office Class A average net rent at \$16.47 per square feet compared to \$23.35 in Edmonton, \$23.70 in Montreal, \$34.61 in Toronto, and \$44.00 in Vancouver.
- The story of opportunity is that Calgary has an abundance of economical and move-in-ready office space for companies and businesses to locate, grow, and create jobs.

Update

- a) Marco De Iaco, Executive Director of the Calgary Downtown Association, joined the downtown strategy leadership team.
- b) The City of Calgary and the Calgary Downtown Association has selected Gehl Studio as the design partner tasked with reimagining Calgary's downtown Stephen Avenue. The work will focus on extending the energy and vibrancy of the pedestrian mall westward; creating a program for increasing private investment and redevelopment; and creating short and long-term improvement strategies that can be implemented by both The City and private investors to make Stephen Avenue better for Calgarians and visitors.
- c) In July 2019, The City of Calgary, Calgary Sports and Entertainment Corporation and the Calgary Exhibition and Stampede Limited have each approved the fundamental terms and conditions for the development and construction of a new public sports and entertainment event centre. The Event Centre will be a catalyst for redevelopment in the Rivers District and contributes to goals identified in the downtown strategy to advance Calgary's economic recovery and resilience, and is a key component to Council's update to the Economic Strategy for Calgary approved in June 2018 "Calgary in the New Economy". The Event Centre coupled with the BMO Centre expansion will see over \$1 billion dollars of investment in east Victoria Park.
- d) The Centre City Enterprise Area (CCEA) was instituted as a pilot in July of 2017. The CCEA is a proactive means to implementing the downtown strategy by making it easier for businesses to move and locate in the downtown and for building owners to make improvements to their buildings to attract tenants as the downtown transitions to the new economy. Administration will be making recommendations to the Priorities and Finance Committee on October 08 based on the positive impacts the CCEA has provided to date and its alignment with Council priorities regarding economic recovery and resilience.

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- e) A consultant has been retained to undertake the 2019 Centre City perception survey in Q4. The survey results will be prepared by 2020-Q1 and presentations of the results will be organized with Council invited to attend.
- f) The team and focus area leads are working with the Civic Innovation Lab to hold strategy sessions in September and October to identify and refine priorities and actions for 2020 and beyond. A focus on alignment and improved coordination of initiatives, scheduling and impact of infrastructure projects, resources, and communications will be elevated and further refined.
- g) The downtown strategy is a vital aspect to all pillars of the Economic Strategy, Calgary in the New Economy, and Calgary Economic Development (CED) is committed to leading the focus area of Work. CED stewards the implementation of the community's Economic Strategy and works closely with partners and The City to support marketing and business-development campaigns. Efforts in established sector advancement are crucial to creating a vibrant downtown that enhances quality of life and garners investment. Marketing an affordable live-work-play lifestyle in downtown, building on Calgary's strengths and leveraging the high quality of life, supply of talented workers, and the abundance of economical and move-in-ready office space is a strong advantage for the talent and company attraction campaign. Promoting Calgary as a city where mid to senior tech talent or tech companies can do meaningful work while enjoying an unparalleled quality of life will be the hallmark of the "*Live Tech. Love Life*" talent attraction campaign that will run in key North American markets in Fall 2019 and 2020. The campaign success is highly dependent on raising \$1 million from private sector as this was not budgeted.

- h) Highlights of the Downtown Strategy for Q3 for each focus area in addition to the above are:

Place: Both the 1 Street SE and Macleod Trail underpasses received a facelift of improved walking surfaces, lighting and railings as well as new murals. The City partnered with the Beltline Urban Mural Program to paint the 1 Street SE mural.

Work: WeWork announced its expansion to Calgary in the fall of 2019 with the opening of two locations in downtown. WeWork's first location in Calgary will open in October in the Edison, with a second location at Stephen Avenue Place opening shortly afterwards.

Live: The City supported the Alberta River Surfing Association to host the Slam Festival of surfing, skate boarding, music and art in Downtown West in support of the development of a permanent surf-wave attraction.

Connect: The Calgary Internet Exchange (YYCIX) allows networks to interconnect on an open-access ethernet fabric moving vast amounts of data at a very cost effective and safe way. It has seen massive user increases maximizing City digital asset utilization in support of business growth and attraction, with data transfer rates in September, 2019 peaking at almost 38 Gigabytes per second, up from peaks of less than 10 Gigabytes per second in December, 2018.

The City launched the Shared Electric Scooter Pilot project with two companies in July, 2019. The most recent ridership numbers indicate approximately 540,000+ e-scooter trips and around 140,000+ unique customers. The data so far shows that many Calgarians are using the scooters for short trips, to complete the last leg of their journey within the downtown core.

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The pilot project is scheduled to go until October 2020. The Shared Electric Scooter Pilot project survey is underway in September to October 06, 2019 to seek public feedback.

ATTACHMENT

1. Attachment 1 – Downtown Calgary Snapshot 2019-Q2