



Report to Council

Department: Development Services
Division: Economic Development
Date: July 15, 2024
Prepared by: Nelson Silveira, Manager, Economic Development
Report Number: Economic Development-2024-07
Subject: Downtown Vacancy Report 2024
Number of Pages: 9

Recommendation(s)

That Economic Development-2024-07 entitled Downtown Vacancy Report 2024 prepared by Nelson Silveira, Manager, Economic Development dated July 15, 2024 be received.

Purpose

To provide Council with an update on commercial vacancy rates in downtown Essex Centre and Harrow.

Background and Discussion

Administration has recently conducted a downtown vacancy study to assess the state of our rural main streets. The first study was conducted during the summer of 2017, the second in the summer of 2022, and the most recent assessment completed during the spring of 2024.

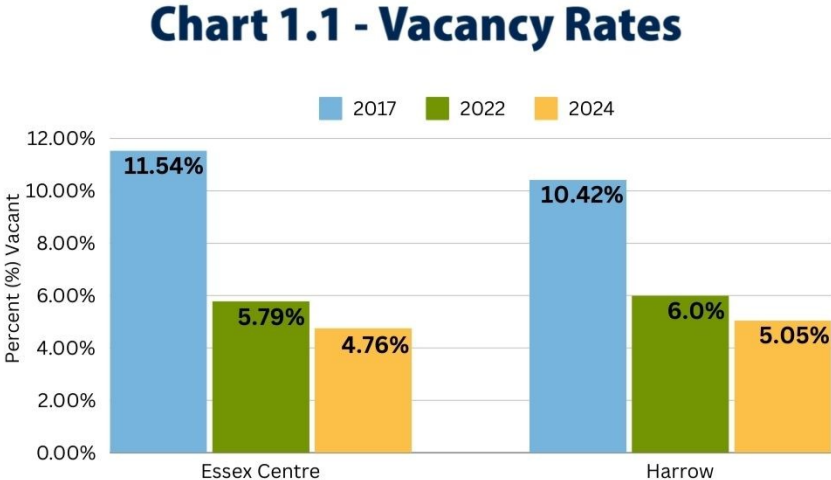
The Town of Essex has two separate downtown areas, Essex Centre and Harrow, which have been the target areas for this study. The time period between the 2022 and 2024 reports included two streetscape projects in both downtown areas, which based on the results of this

study, have had a positive impact to downtown vacancy rates. In 2022, Essex Centre had a vacancy rate of 5.79% and now has a slightly improved vacancy rate of 4.76%. In Harrow, the commercial vacancy rate was 6% in 2022 and in 2024 the rate has decreased to 5.05% vacancy.

Vacancy Rates

Only street level units were included in the study. To determine whether a unit was vacant or occupied, the following criteria was used: a unit was deemed vacant if there were no plans for a business to utilize the space for their operations going forward. If the unit was currently not being utilized, but it was determined that there were confirmed plans for occupancy, then the unit was deemed to be occupied. If a unit was currently being utilized, but it was determined that the unit would be vacated within the next 30 days, then the unit was deemed vacant. For example, 22 Gordon St in Essex Centre is currently being developed, the units were considered occupied as there is an expectation these units will be filled once construction is completed. The unit at 43 Arthur Ave was occupied, however, the tenants recently moved to a different unit, so that unit was deemed vacant. Furthermore, vacant commercial lands with no building or storefront were not included in the scope of this study.

The downtown vacancy rate is the percentage of downtown commercial units that are vacant at a given time. Chart 1.1 below is a visual representation of the vacancy rates for downtown Essex Centre and Harrow for the years the studies were conducted.



Business Composition

Essex Centre and Harrow downtowns have different business compositions. Each business in the two areas was placed into one of four sectors:

- Professional,
- Service,
- Restaurant, and
- Retail

The professional sector includes businesses such as law firms and real estate offices. The service sector includes businesses such as laundromats and spas. The restaurant sector included sit-down and fast-food restaurants. The retail sector includes businesses that sell goods such as clothing and appliances. Charts 1.2 & 1.3 below are visualizations of the business compositions of Essex Centre and Harrow.

Chart 1.2 - Composition of Essex Centre Business

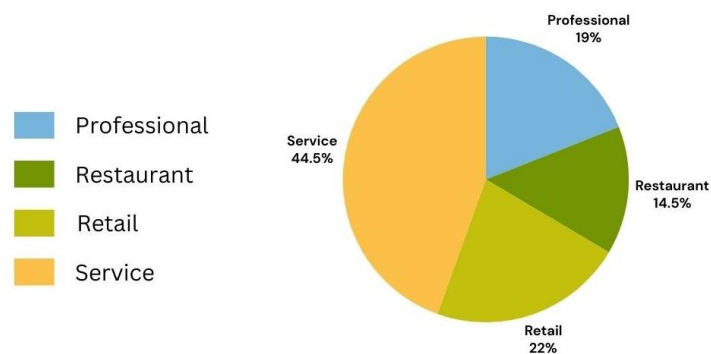
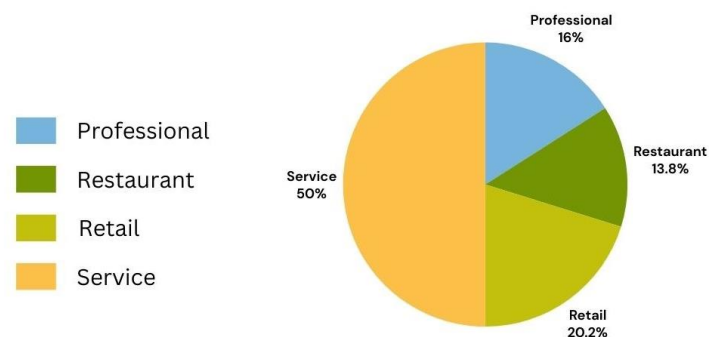


Chart 1.3 - Composition of Harrow Business



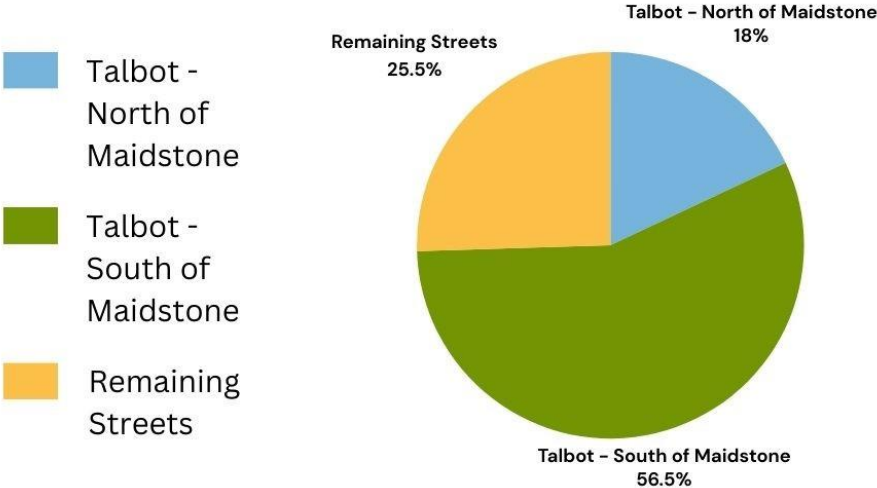
Essex Centre

For the purpose of this study, Essex Centre was divided into three zones:

- Talbot Street – North of Maidstone Avenue,
- Talbot Street – South of Maidstone Avenue, and
- The remaining streets, being Gosfield Townline, Arthur Avenue, Maidstone Avenue, Victoria Avenue, Centre Street, Laird Avenue, Wilson Avenue, and Gordon Avenue.

Chart 1.4 below is a visualization of the share of commercial units located in each zone as of 2024.

Chart 1.4 - Location of Essex Centre Business

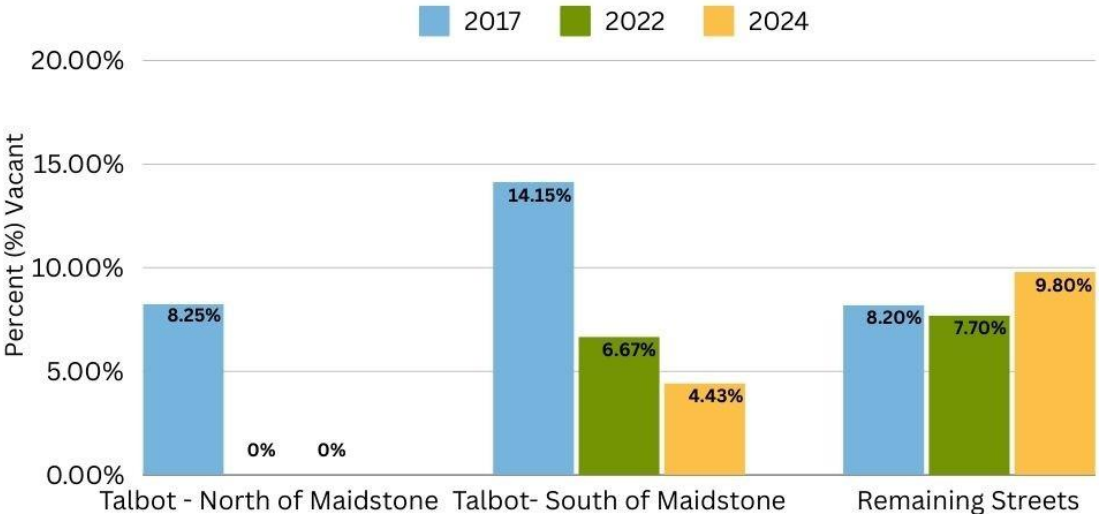


As shown in Chart 1.4, the majority of commercial units are on Talbot Street -South of Maidstone Avenue. Chart 1.5 below is a table which outlines the number of units, the number of vacancies, and the vacancy rate for each zone.

CHART 1.5 – VACANCY DATA BY ZONE (ESSEX CENTRE, 2024)			
Zone	Total Number of Units	Total Number of Vacancies	Vacancy Rate
Talbot Street – North of Maidstone Ave	36	0	0%
Talbot Street – South of Maidstone Ave	113	5	4.43%
Remaining Streets	51	5	9.80%

Since 2022, there has been no vacancy on Talbot – North of Maidstone, improved occupancy on Talbot – South of Maidstone, and slight increases in vacancies on the remaining streets. Below is a visualization comparing the vacancy rates of 2017, 2022, and 2024 by zone.

Chart 1.6 - Essex Centre Vacancy Rates by Zone



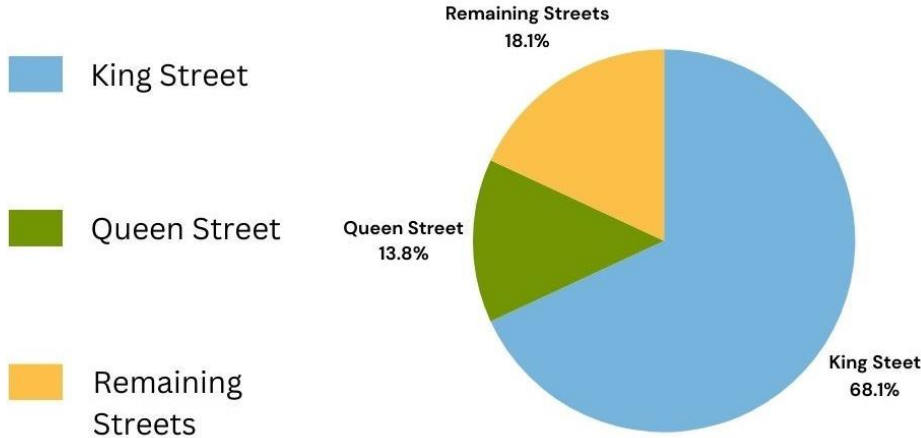
Harrow

Harrow was divided into three zones:

- King Street,
- Queen Street, and
- The remaining streets, being McAfee Street, Victoria Street, Sinasac Street, Colio Drive, and Centre Street.

Chart 1.7 below is a visualization of the share of commercial units located in each zone as of 2024.

Chart 1.7 - Location of Harrow Business

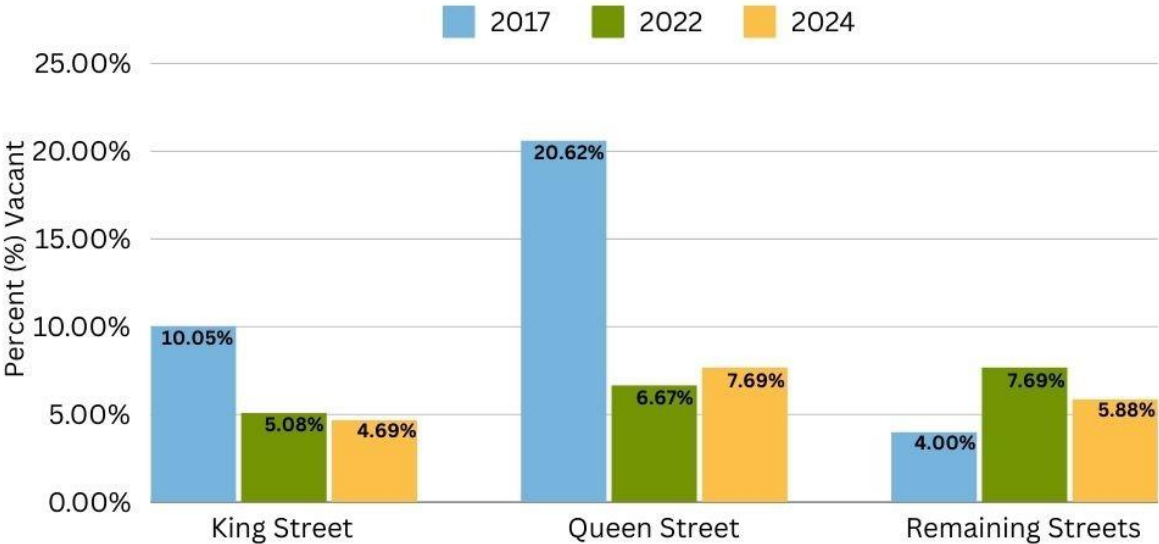


As can be seen from Chart 1.7, the majority of commercial units are on King Street. Chart 1.8 below is a table which outlines the number of units, the number of vacancies, and the vacancy rate for each zone.

CHART 1.8 – VACANCY DATA BY ZONE (HARROW, 2024)			
Zone	Total Number of Units	Total Number of Vacancies	Vacancy Rate
<i>King Street</i>	64	3	4.69%
<i>Queen Street</i>	13	1	7.69%
<i>Remaining Streets</i>	17	1	5.88%

The vacancy rate has decreased since 2022 on King Street, increased on Queen Street, and improved for the remaining streets zone. Chart 1.9 below is a visualization comparing the vacancy rates of 2017, 2022, and 2024 by zone.

Chart 1.9 - Harrow Vacancy Rates by Zone



Turnover Rates

The downtown turnover rate is a measurement of the percentage of businesses that have left a given area over a certain time period. In this study, the turnover rate is calculated for Essex

Centre and Harrow separately, as well as for the zones defined above. The time period is the 2-year period between 2022 and 2024. Chart 1.10 below is a table with the turnover rates for all the specified locations.

CHART 1.10 – TURNOVER RATES	
Location	Turnover Rate
Essex Centre	13.81%
<i>Talbot Street - North of Maidstone Ave</i>	13.89%
<i>Talbot Street - South of Maidstone Ave</i>	18.92%
<i>Remaining Streets - Essex Centre</i>	5.88%
Harrow	18.00%
<i>King Street</i>	15.66%
<i>Queen Street</i>	23.08%
<i>Remaining Streets - Harrow</i>	29.41%

Conclusion

Overall, both downtown Essex Centre and Harrow remain at a healthy occupancy level and the lowest rate of vacancy since this study was first completed in 2017. The majority of units that remain vacant in Essex have been so prior to the completion of the 2022 report. Most commercial vacancies in Harrow are recent and are expected to be occupied prior to the next vacancy report in 2026.

Financial Impact

There is no financial impact.

Link to Strategic Priorities

- Embrace asset management best practices to build, maintain, and continuously improve our municipally owned infrastructure.
- Leverage our Town's competitive advantages to promote jobs and economic investment.**
- Take care of our natural environment and strengthen the sense of belonging to everyone **who makes Essex "home"**.
- Deliver friendly customer service in an efficient, effective, and transparent manner while providing an exceptional working environment for our employees.
- Build corporate-level and community-level climate resilience through community engagement and partnership and corporate objectives.

Report Approval Details

Document Title:	Downtown Vacancy Report 2024 - Economic Development-2024-07.docx
Attachments:	
Final Approval Date:	Jul 8, 2024

This report and all of its attachments were approved and signed as outlined below:



Lori Chadwick, Director, Development Services - Jul 8, 2024 - 11:57 AM



Doug Sweet, Chief Administrative Officer - Jul 8, 2024 - 12:06 PM