

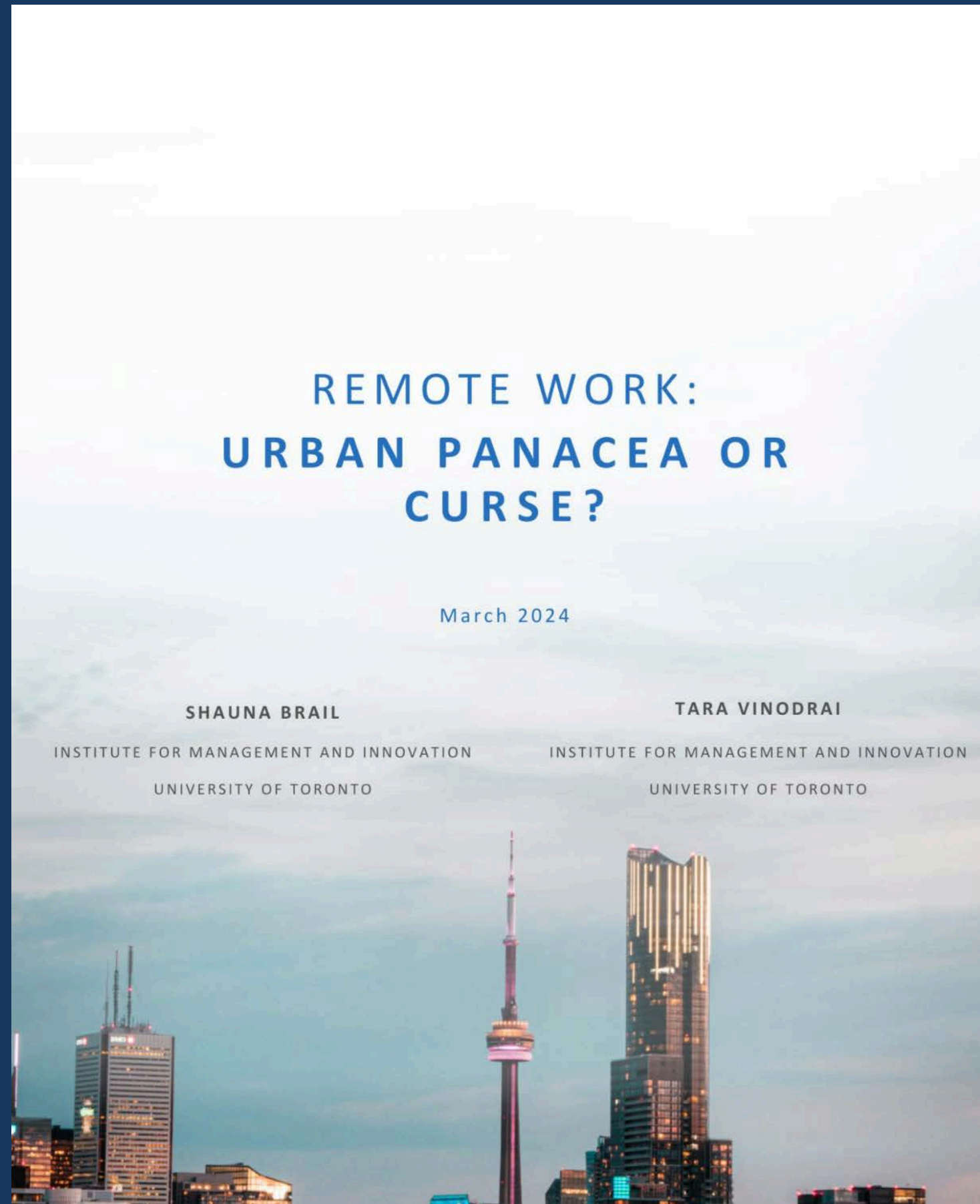
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Remote Work – Urban Panacea or Curse?

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Remote Work: Urban Panacea or Curse

Introduction

- Remote work and cities

People, Productivity and the Future of Work

- Employment and the shift to remote work
- The productivity puzzle

Urban Vibrancy

- Toronto and the region
- Downtown vibrancy
- Real estate and office conversions

Moving Forward – What's Next?





What is remote work?





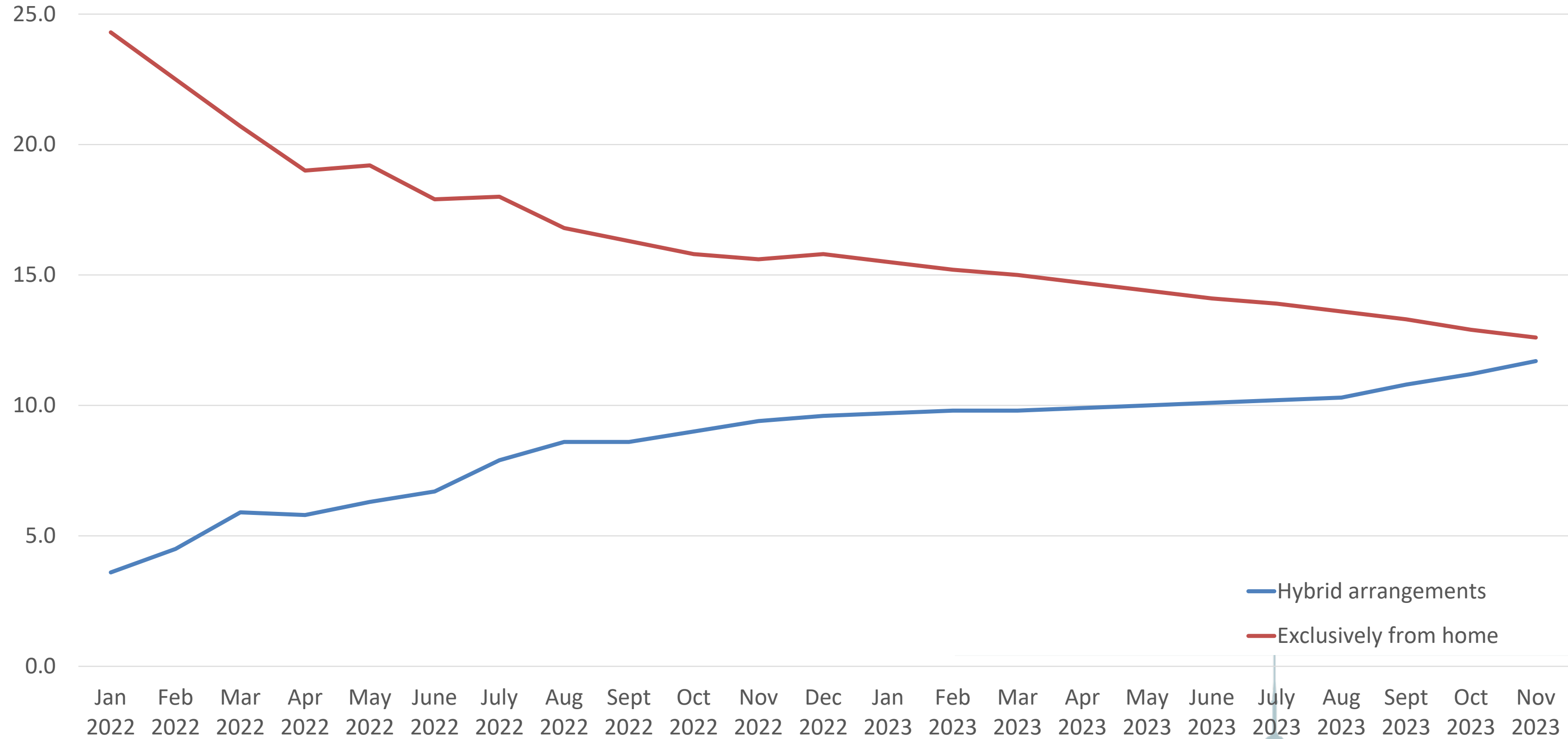
**PEOPLE,
PRODUCTIVITY
AND THE FUTURE
OF WORK**

What are the impacts of remote and hybrid work on labour force participation for equity-seeking groups?

What are the impacts of remote and hybrid on productivity?



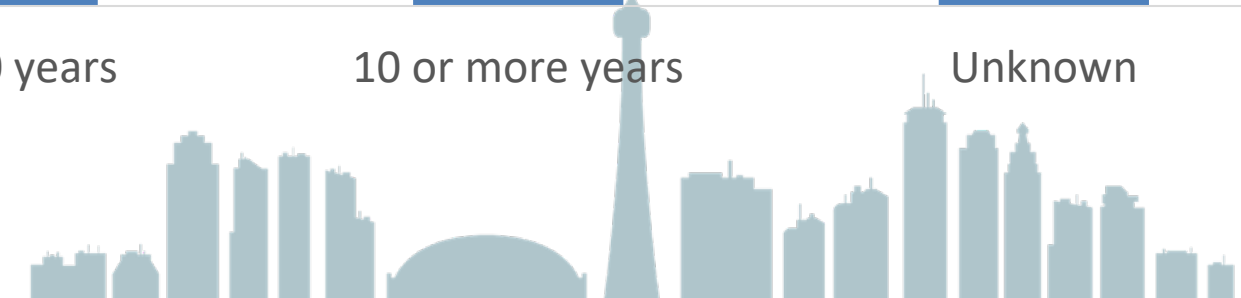
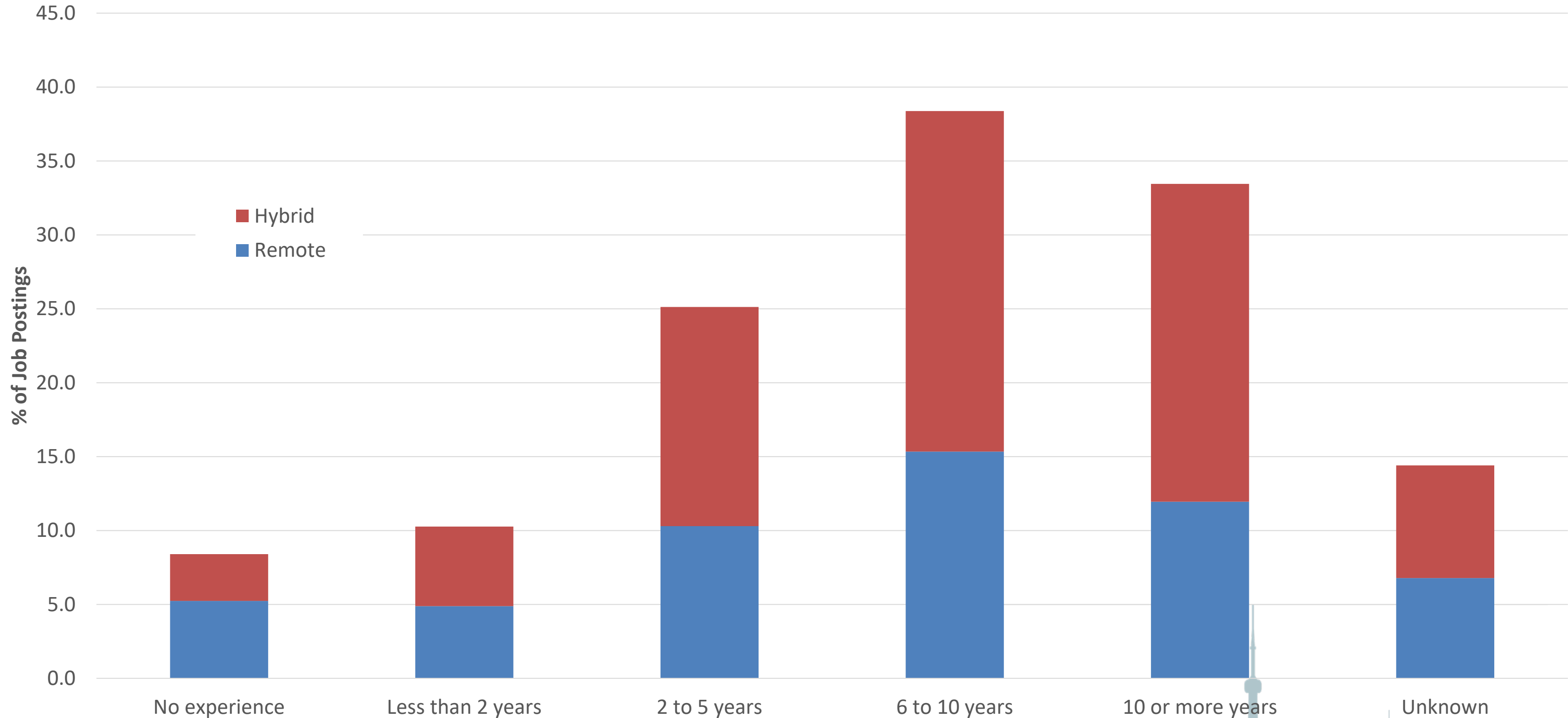
Work from home in Canada



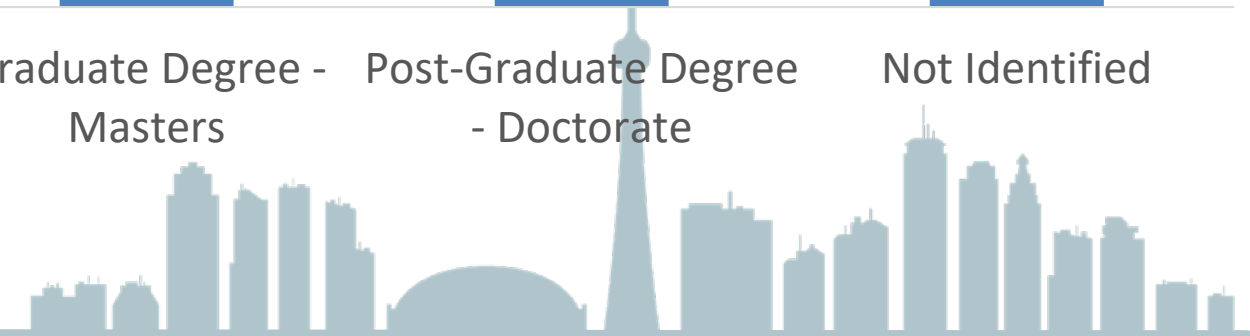
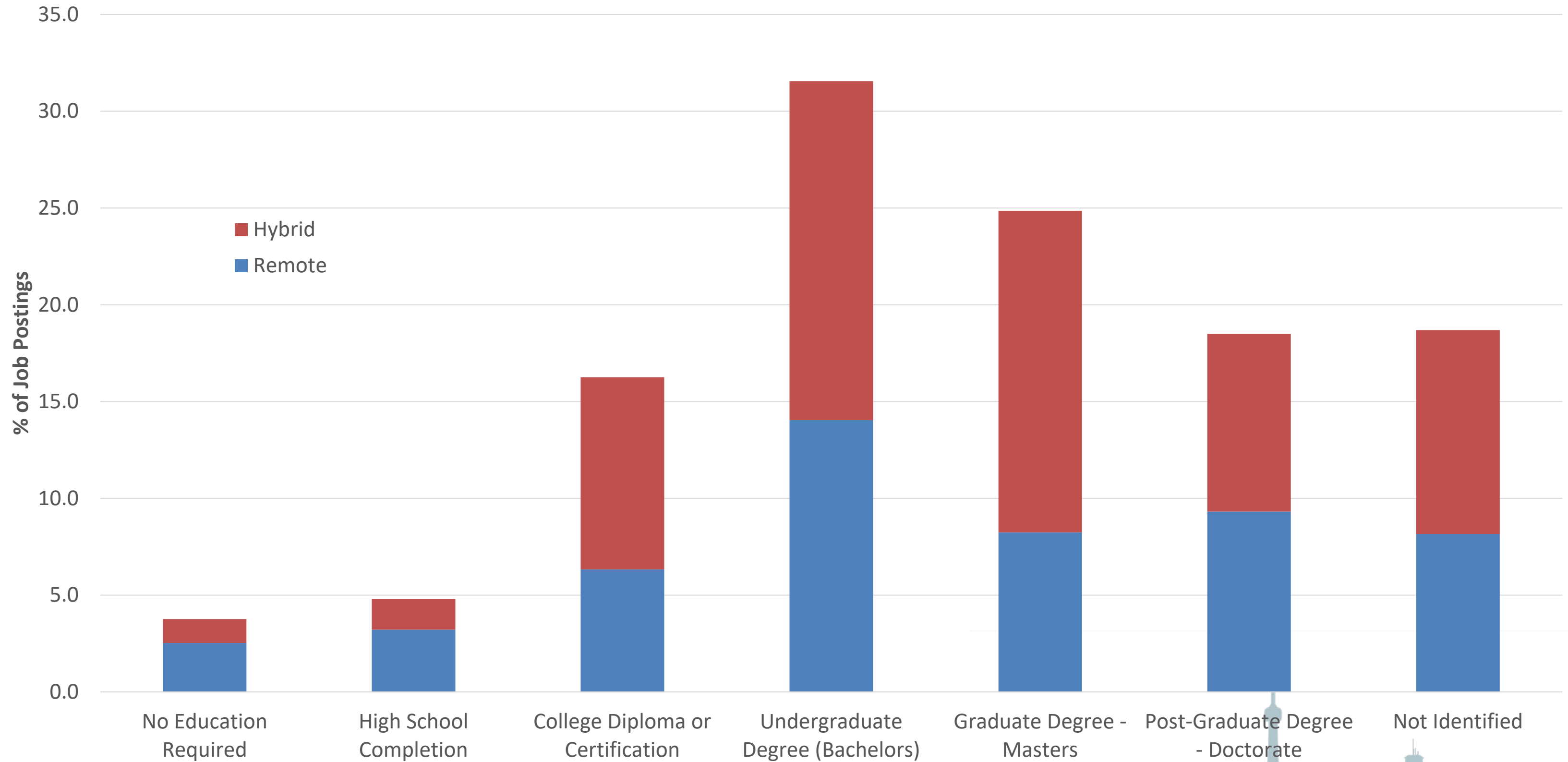
Source: Statistics Canada, *Labour Force Survey*



Demand for remote & hybrid work by experience requirements in Toronto



Remote & hybrid job demand by educational requirements in Toronto



Uneven impacts of shift to WFH

Equity and frontline workers

"From a work point of view there are just **tremendous equity issues**. You've got people working for organizations that include tons of frontline service workers, and yet their managers and supervisors can sit and oversee their work from the kitchen while the snow clearer, is actually out in his snowsuit and his multi layers of PPE to try to provide the service." (Interview)



Uneven impacts of shift to WFH

Different people, different needs

“From an inclusion [standpoint], we don't want to forget that through the pandemic, **for those that are disabled, their participation rate has gone way up**. And so we want to keep encouraging that ... Let's not ignore that active and contributing segment...”



Uneven impacts of shift to WFH

Different people, different needs

"**Young people**, and maybe people for whom you know you have to work a little bit more to build those ties and those networks don't have as many of those easy connections. So **newcomers to Canada**, learning the norms and practices of Canadian workplaces...**there are a lot of risks with a remote-only workplace, a lot of risk to inclusion.** But it's balancing different forms of inclusion. So, one of the takeaways that we write about is that employers that are able to in general embrace a lot more flexibility and [consider] how the workplace is structured and meeting the needs of different groups of employees, are really going to be key to this." (Interview)



Innovation and the productivity puzzle

Productivity influenced by a large number of factors

- Technology adoption, innovation capacity, investment in R&D, business/tax climate, 'milieu/culture', availability of skilled labour, quality of infrastructure
- Relationship to shift to remote/hybrid work is relatively small, might matter most in relation to innovation

Aggregate productivity vs. individual productivity

- Shift to remote/hybrid work might realize most benefits at the individual/firm level
- Agglomeration economies and benefits of proximity are realized in aggregate (innovation, spillovers, etc.)





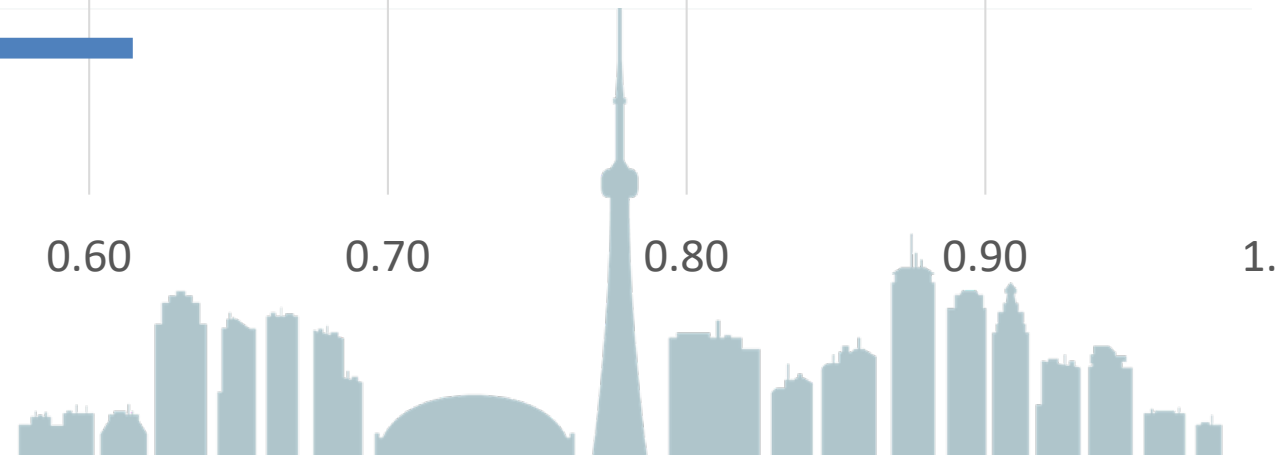
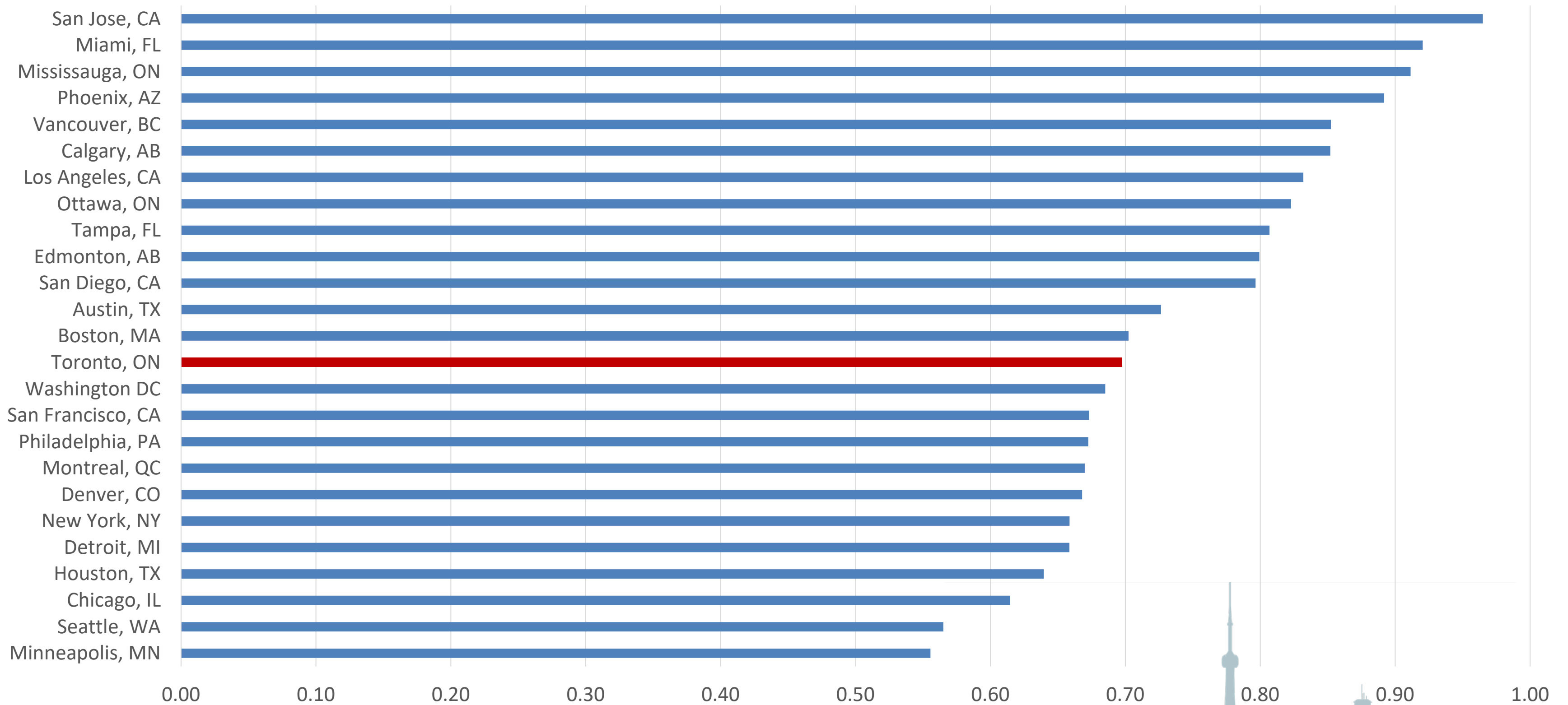
URBAN VIBRANCY AND THE BUILT ENVIRONMENT

What are the impacts of remote and hybrid work on the urban built environment?

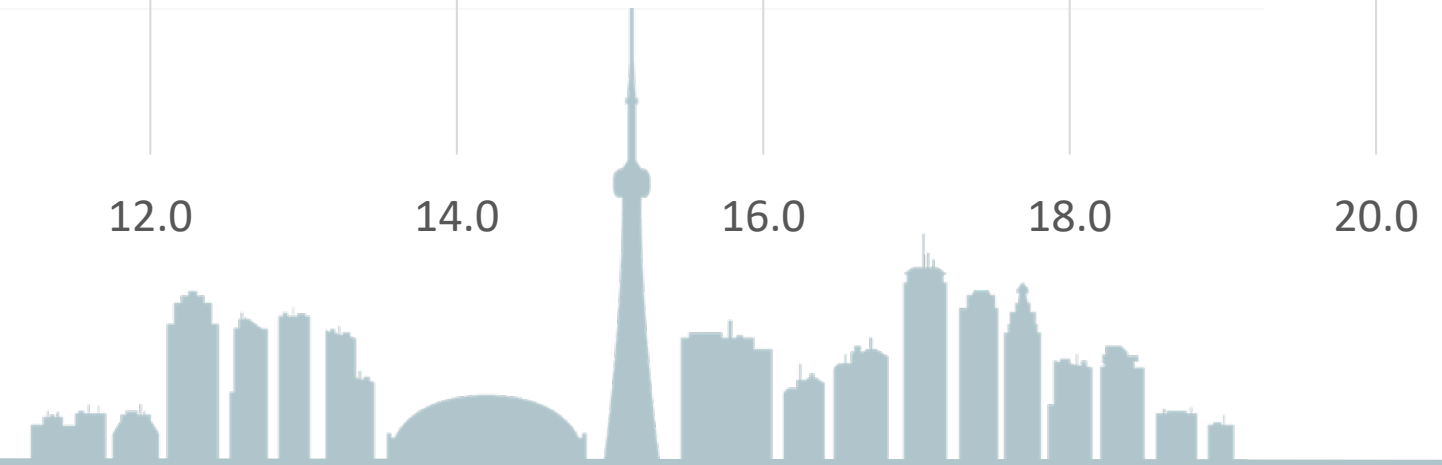
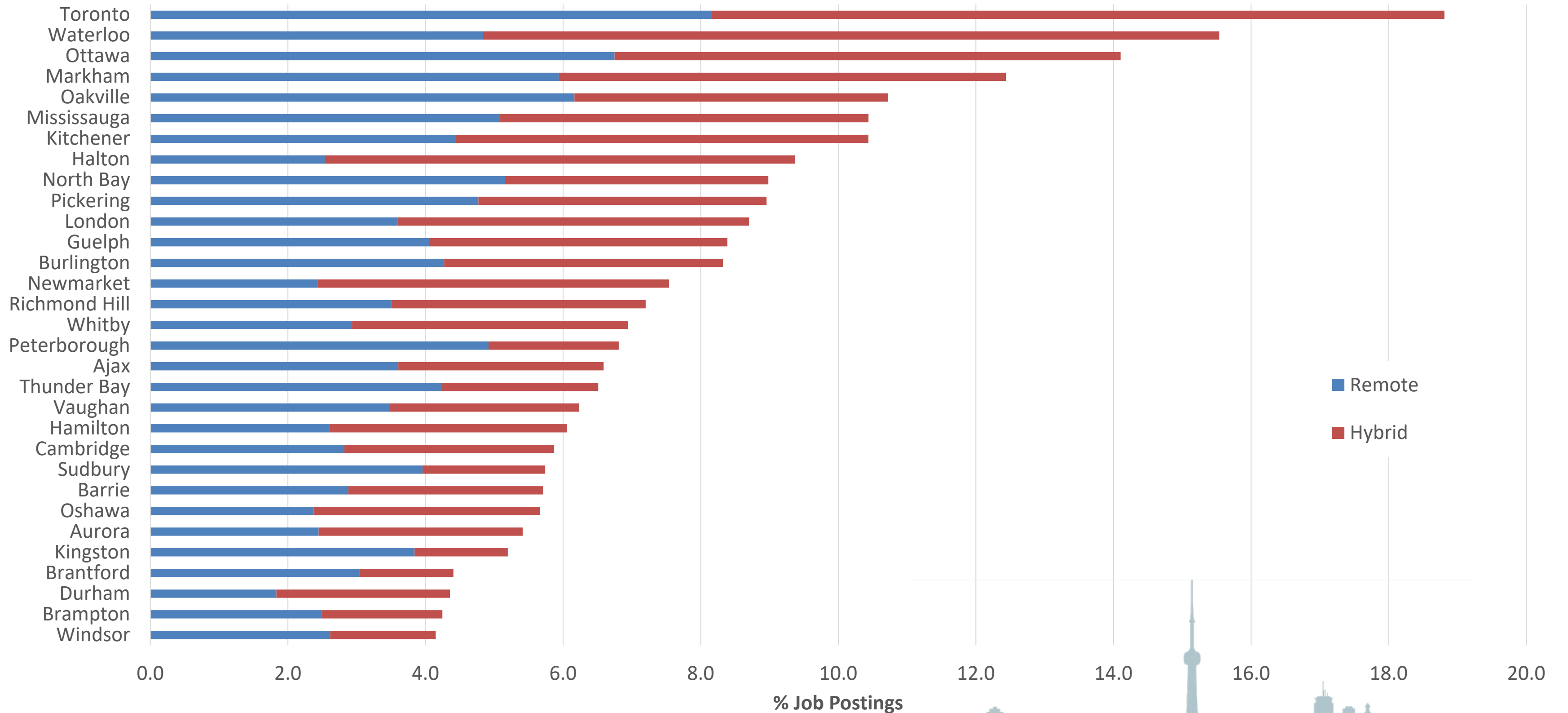
Can (and should) office buildings and downtown spaces be reimaged and repurposed? If so, how?



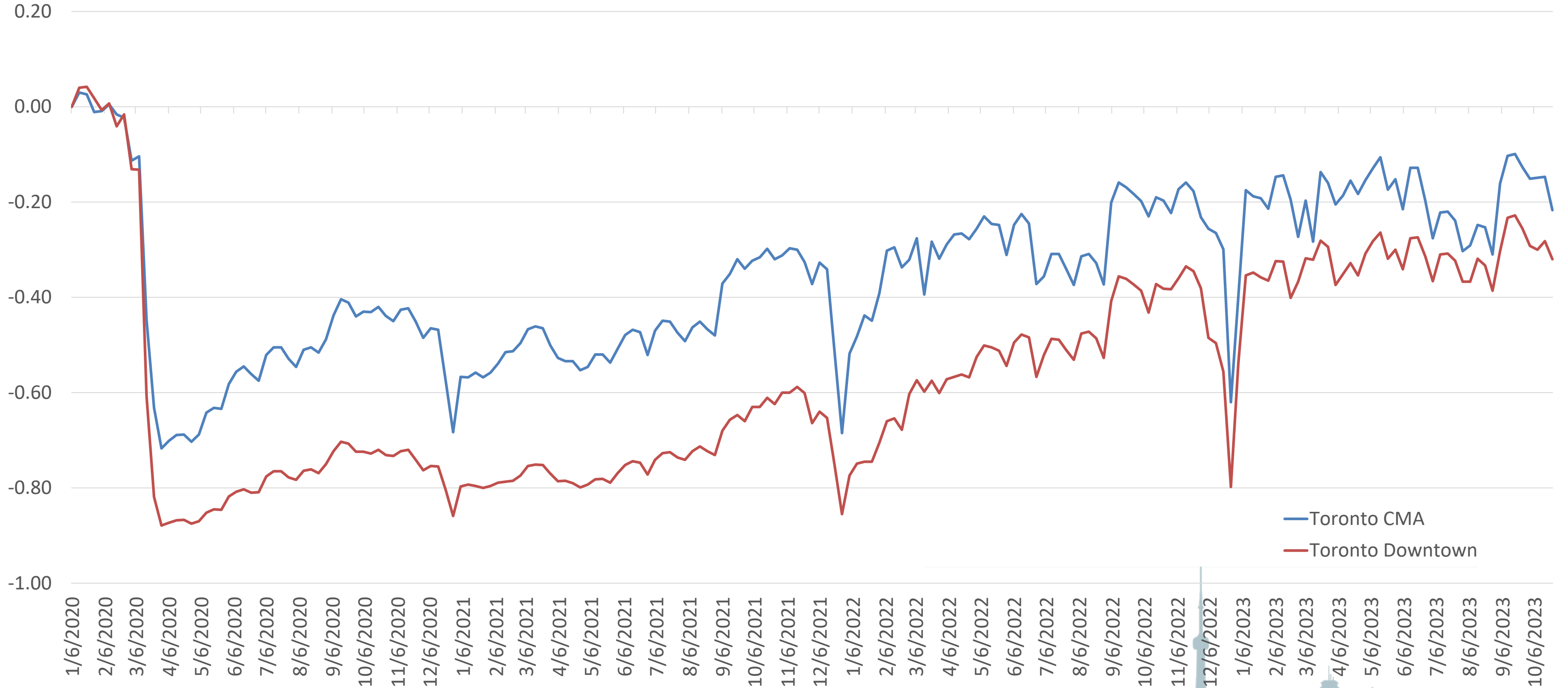
Downtown recovery index



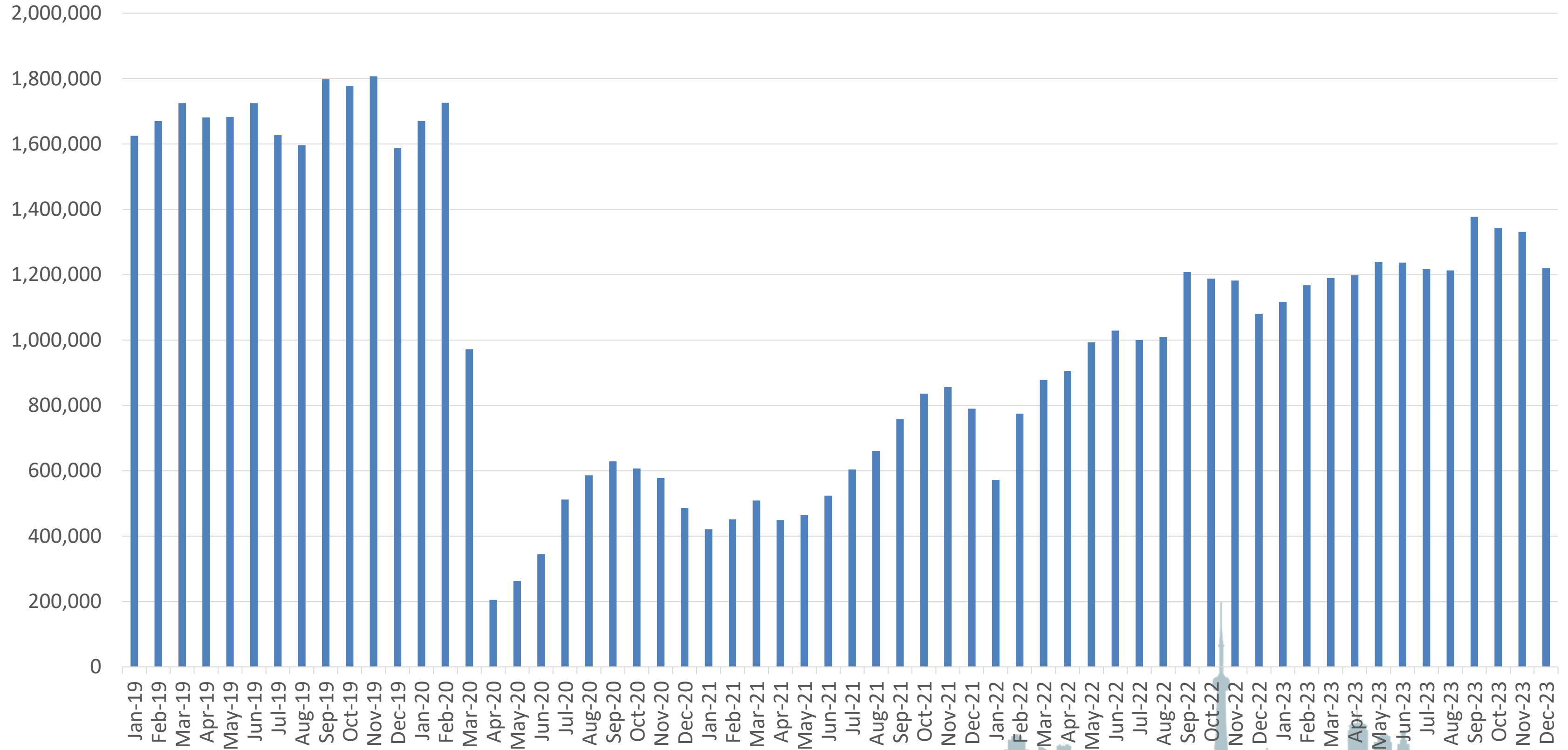
Demand for remote and hybrid work across Ontario locations



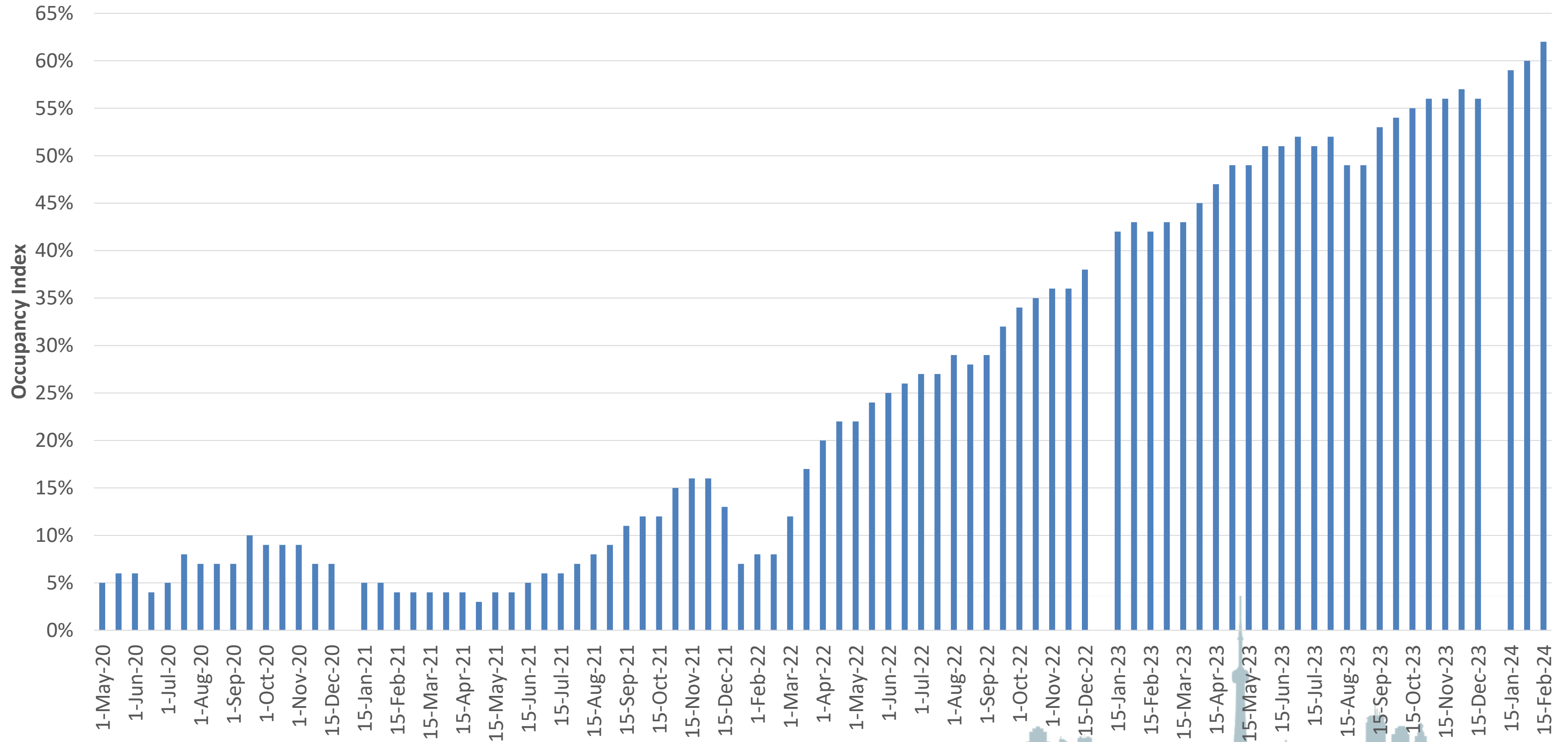
Workplace mobility index

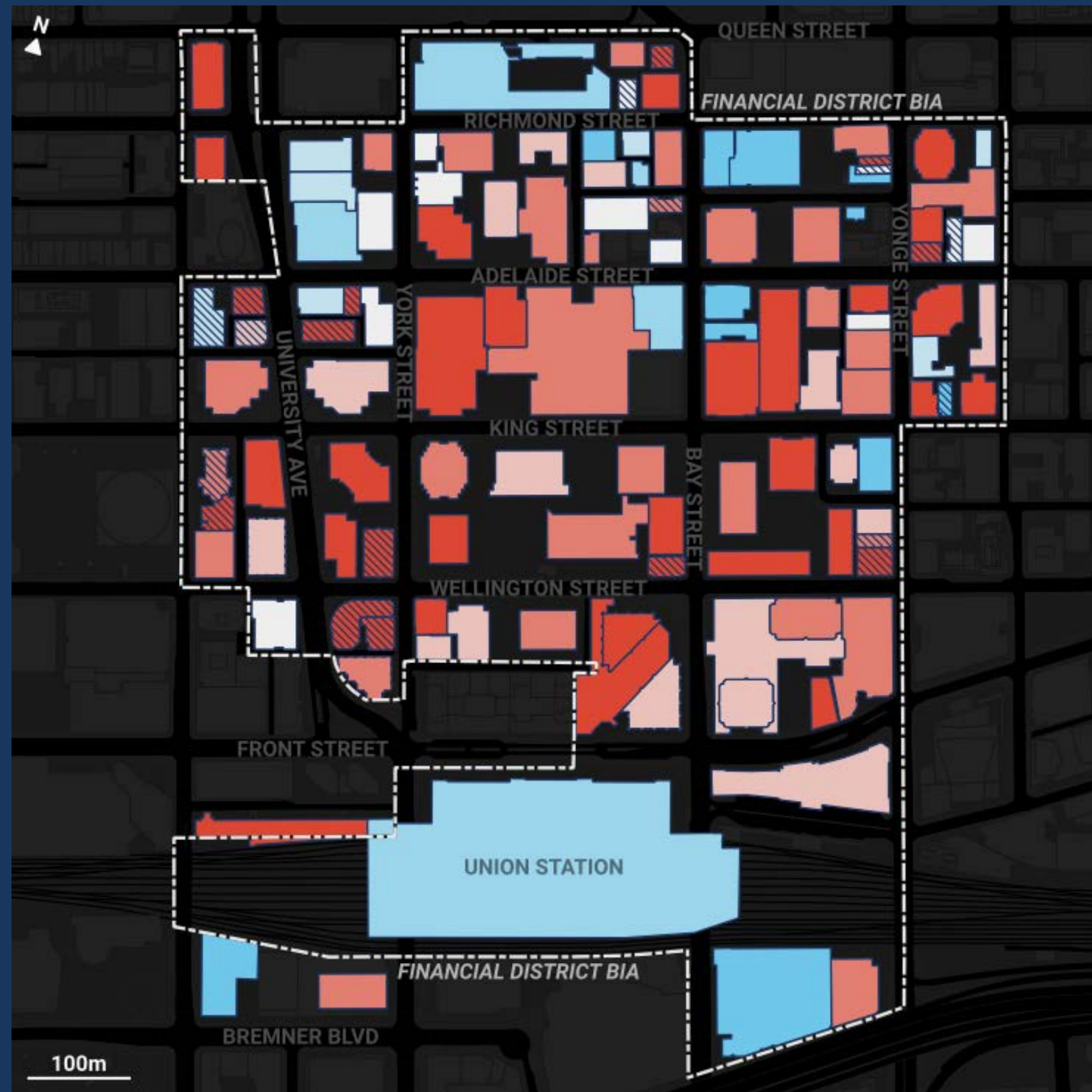


Average weekday transit ridership



Office occupancy index





Toronto's financial district

Understanding post-pandemic recovery for individual buildings (Jeong et al. 2024)

- “Class A buildings and large-size office and retail mixed-use buildings tend to have lower recovery rates, whereas smaller-sized Class B and C office and retail buildings show higher recovery rates.”



Uneven return to the downtown

"We have seen the university come back, and we have seen many of the shoppers come back, but we haven't seen the [foot] traffic return, and **we haven't seen the employment occupancy come back.**" (Interview)

"There are some factors that pull people back into occupying office space, and there are many factors that propel them from coming back into the office. How do we net that out as a positive? Because there's **genuinely a risk here of the urban core being quite profoundly, negatively impacted.**" (Interview)



The 'new' downtown

Emphasis on mixed use, visitor economy, culture and amenities

We do view the vibrancy of the downtown and the City of Toronto in a multifaceted way, which is not just about the return to work, but also about the **visitor economy**, the **business economy**, you know, like the **business tourism, visitor tourism**, urban form, congestion, you know, like the **amenities**.

We create the spaces, we create the outcomes, we create the opportunities. And so, if you do it right? The right financial and economic outcomes take place. Downtown Toronto and downtown North American cities are a homogeneous office environment. To me, that's where the challenges are. And so, if you inject **more mixed uses, residential uses**, all of those other things can become much more meaningful and interesting.



Repurposing offices and downtowns

Adapting spaces, complexity and governance

"We're realizing that in person interaction is very necessary, but also the way that maybe **office spaces need to be built around promoting that collaboration** more than they had in the past." (Interview)

"I don't think it's just residential. I think they can be **converted to creative spaces, cultural spaces, light manufacturing spaces**. It's not too different to what we did when we did it the other way, and took the warehouses and the two Kings, and made them more available for different kinds of uses. So we need to. And this is where it's hard, because municipal governments **need the zoning revenue**. They need the **property tax revenue**. And of course they're **nervous about moving employment land designations**." (Interview)



Financing building conversions

Feasibility and financing matter

There's going to be a gap between the cost of the project and what the market will pay for it at the end of the day. And so it's mitigating that gap. That could be you know, no development charges. It could be free tax or no taxes on things. Where there is no money there's no money. And so that would involve a government grant to be able to mitigate that difference.

What if the cost relative to new construction doesn't make sense. Is the cost too high? Is it feasible? And in many cities in North America it's not feasible. So as a result, local cities are providing some incentives. Calgary is, of course, the famous example of that. But other cities are doing that.

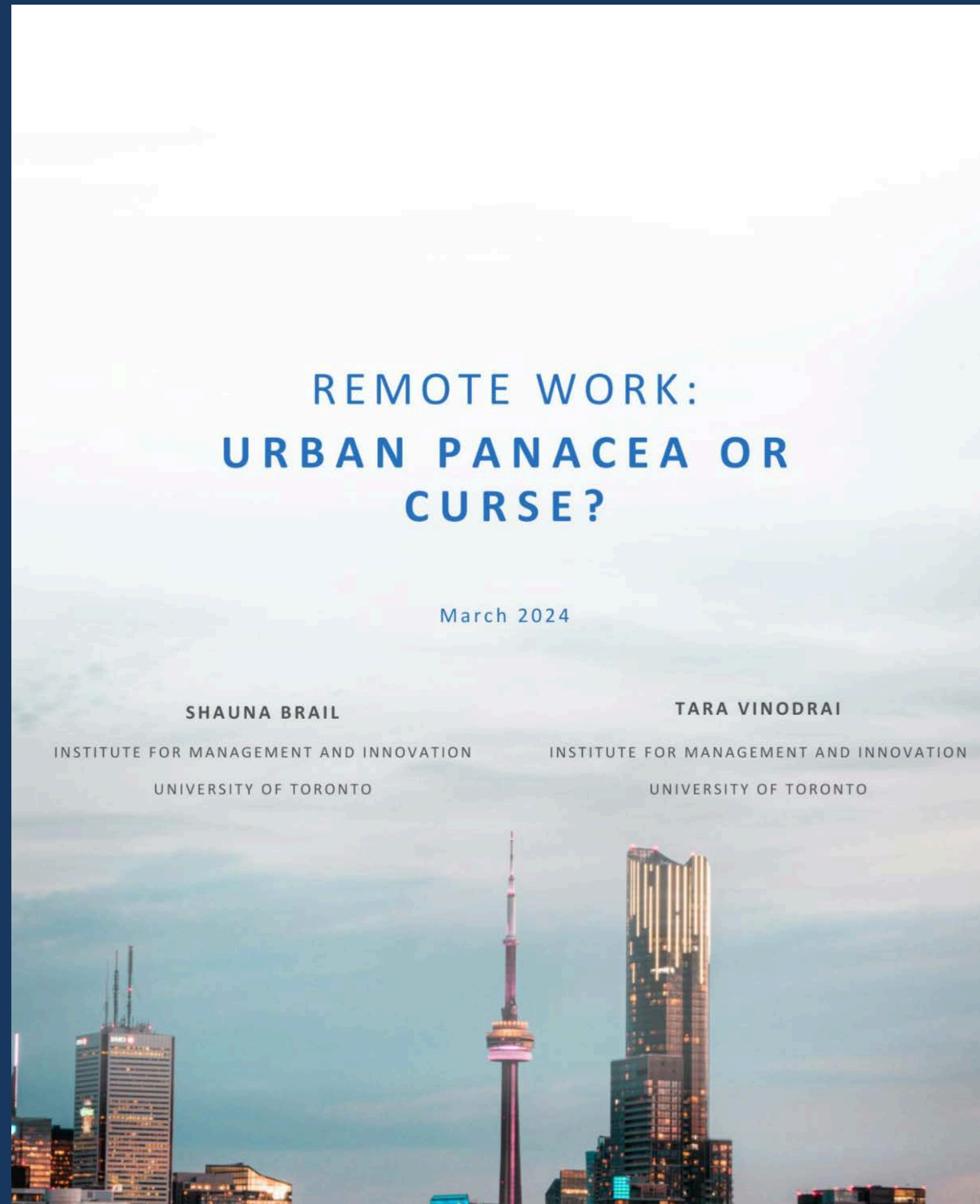




MOVING FORWARD: WHAT'S NEXT?

What are the emerging best practices related to remote and hybrid work?





Summary

Remote work:

- Structural shifts: Hybrid work is here to stay
- Shifting values

Urban Vibrancy:

- Period of transition, risks and opportunities
- The future of downtown depends on activity – office, culture, mixed-use, residential, ++
- Lagging impacts: leased vs. occupied, long-term infrastructure decisions
- Intentional planning to avoid an urban doom loop scenario

Proceed with caution:

- Environment of uncertainty, complex urban ecosystem



Recommendations

- 1 Convene a Task Force to Propel the City Towards a Prosperous, Sustainable Recovery**
- 2 Develop data analysis strategy and capacity**
- 3 Build on Toronto's existing strengths and economic diversity**
- 4 Leverage planning tools in conjunction with financial incentives**
- 5 Enhance mobility and connectivity**
- 6 Advocate for and engage in placemaking**



What's next?



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Thank you

