



Report to: Development Services Committee

Meeting Date: December 4, 2023

SUBJECT: Markham Economic Development and Culture Strategy – 2023 to 2027

PREPARED BY: Chris Rickett, Director, Economic Growth, Culture and Entrepreneurship

RECOMMENDATION:

1. That the report entitled “Markham Economic Development and Culture Strategy – 2023 to 2027” and appendices be received; and,
2. That the Markham Economic Development and Culture Strategy – 2023 to 2027 be approved; and further,
3. That City staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

This report aims to obtain Council’s support and approval for the City of Markham’s Economic Development and Culture Strategy.

BACKGROUND:

The City of Markham’s Economic Development Strategy ([Markham 2020](#)) first adopted by Council in 2008, is now 15 years old and requires updating. When “Markham 2020” was prepared, it was observed that the city boasted a world-class business community that was populated by global innovators and international leaders in sectors of the economy that would support future growth.

Building on the strategy, the City effectively executed a series of targeted marketing initiatives to position itself as Canada’s High Tech Capital. Substantial investment from telecommunications, IT, electronics and life sciences companies fueled this achievement.

The strategy also recognized the City’s intent to balance quality of life and quality of opportunity as the means to attract both talent and investment. Additionally, the strategy foregrounded the need to nurture the evolution of its well-established technology sector in a way that would broaden its capacity and innovation, advancing the municipal investment required to build a sustainable 21st century city.

A performance review of the strategy was conducted in 2016, focused on defining priority sectors, global business strategies, small and medium-sized enterprises (SME) and the commercialization of technology and innovation. The 2016 update also called for the City to leverage its cultural diversity and promote investment in arts and culture and community facilities.

In 2022, the City’s Economic Growth, Culture and Entrepreneurship Department commissioned the development of a next generation strategy that accounts for

Markham’s growth, community and business priorities, its cultural aspirations, and changes in its departmental responsibilities, which included the addition of arts and culture programming and facilities, as well as community and corporate events.

Deloitte LLP and Nordicity were retained to develop the 2023 to 2027 City of Markham Economic Development and Culture Strategy comprising a four-phase interconnected process that began in September 2022.

- ***Phase I – Economic Base Analysis: Where are we now?***

A review of relevant strategies and an economic base analysis was completed to provide an understanding of the local and regional economy.

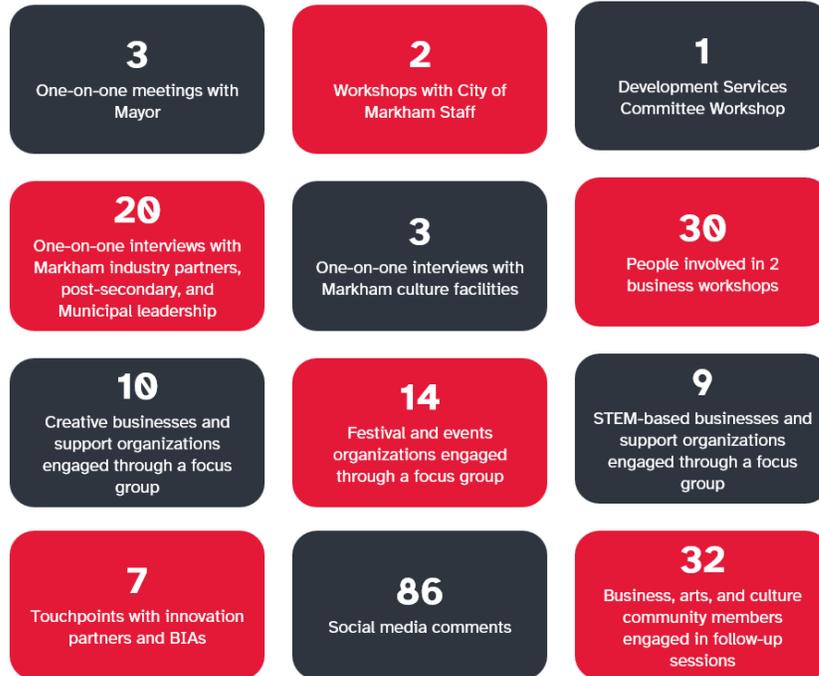
- ***Phase II – Engagement: Where do we want to go?***

A comprehensive consultation process was undertaken, including engagement with internal and external stakeholders, offering insights and perspectives about economic growth, industry-specific strengths and arts and culture development.

As identified in Figure 1, 24 different engagement methods were employed, featuring 52 consultation sessions that engaged over 1,100 stakeholders, businesses and community members.

Figure 1 – Overview of Stakeholder Engagement





- ***Phase III – Action Plans for Core Areas of Service Delivery: How do we get there?***

Five targeted action plans were developed to identify the tactics required to realize the broader objectives identified to meet the City’s economic development and culture goals.

- ***Phase IV – Economic Development and Culture Strategy***

The Strategy was developed as an “umbrella” to identify where actions plans and the City’s resources can be deployed to maximum effect. The Strategy identifies partners or leads involved in strategy implementation.

Overall, the purpose of the City of Markham’s Economic Development and Culture Strategy is to identify goals, objectives and actions that will contribute to growing Markham’s economy on a foundation of creativity, innovation and community collaboration.

OPTIONS/DISCUSSION:

The Markham Economic Development and Culture Strategy 2023 to 2027 aims to harness the city's strong sense of community and quality of life built on a foundation of arts, culture and economic opportunity. Building on this success, the overarching purpose is to ensure Markham continues to be a vibrant community where creativity, collaboration and innovation provide a framework and opportunities for residents and

businesses to realize their potential. With the City continuously evolving, this framework assists in modernizing processes to respond to a changing economic environment.

Markham's Economic Development and Culture Service Areas

Markham's Economic Growth, Culture and Entrepreneurship team focuses on several core areas of economic development including foreign direct investment (FDI), business retention and expansion (BR+E), the innovation and entrepreneurship ecosystem, talent and workforce, community economic development, as well as arts and culture, including overseeing several cultural facilities, supporting community arts organizations, and organizing corporate and community events.

These core areas lay the groundwork for economic development efforts that can be continually built upon to improve service for clients while creating a larger positive economic impact for the city. The service delivery areas are described below.

Foreign direct investment

There is significant global competition for FDI. To seize new investment, municipalities must be able to differentiate themselves through their unique competitive advantages. FDI can be captured through existing foreign businesses expansion efforts, or through greenfield or brownfield expansion of new companies.

Over the past three decades, Markham's economic landscape has been positively influenced by FDI activities which are owed to the City's prioritized effort to implement an active international investment and attraction program. Today, Markham's reputation as a desirable global location and a gateway to the North American market is backed by the city's established base of 240 foreign businesses (supporting 32,000 jobs).

Business retention and expansion

The intended outcomes of a successful BR+E program are to understand the needs of local businesses, to increase the ease of working with the municipality by understanding the processes which inhibit investment and to help businesses navigate all local resources to meet their needs.

Markham's economic development staff have historically run informal BR+E efforts and have supported connections between local businesses and civic leaders. The City can benefit from implementing a formal BR+E program to act as a channel to connect, build and strengthen its relationships with local industry employers to develop stronger insights into these companies' operational and business needs. These insights can then be utilized to improve City processes, such as the work being done through the Development Facilitation Office, make relevant connections to partners and improve marketing efforts for investment attraction.

Innovation and entrepreneurship ecosystem

The innovation and entrepreneurship ecosystem involves partners from industry, academia, community and governments focused on assisting new entrepreneurs to strategically build their businesses faster and more effectively. Startup businesses,

particularly in high growth sectors, such as technology, play a key role in economic development and diversification.

Markham has an established and well-supported innovation and entrepreneurship ecosystem with various partners including ventureLAB, YSpace and HELIX. Markham's ecosystem encourages the collaboration of local and regional bodies such as post-secondary institutions, business incubators and accelerators, investment and venture capital firms, and industry associations and networks. These partnerships not only facilitate innovation, scale-up and research but also provide access to technology-enhanced learning environments for residents and businesses.

Community economic development

Community economic development (CED) initiatives help existing businesses grow while cultivating an entrepreneurship ecosystem. It is a holistic, integrated approach that focuses on capacity building and asset development. CED strategies are often implemented through many small interventions aimed at increasing existing small business revenue, developing entrepreneurial capacity and improving quality of place.

Community Economic Development plays a significant role in Markham's economic success and directly supports Markham's communities with solutions to economic, social and environmental issues. The City of Markham has developed several small program interventions aimed at increasing existing small business revenue and developing entrepreneurial capacity that directly contribute to the quality of life and placemaking efforts that sustain and enhance a vibrant working environment.

Talent and workforce

Talent and workforce development is a growing challenge across Canada and is increasingly becoming the top priority when businesses are making investment decisions. Attracting and developing a skilled workforce is crucial for Markham to ensure continued economic completeness and business sustainability.

Markham is strongly positioned to attract its desired workforce given its geographic positioning within the Greater Toronto Area and its existing high-tech ecosystem that is a significant draw for workers in the knowledge economy. Ensuring that talent and workforce development is connected to economic development has become important for municipalities as lines between the historically separate fields have become blurred as the labour shortage continues to grow.

Arts, Culture and Creative Industries

The arts and culture sector includes many dimensions: city-run institutions, independent artists, arts workers and organizations, community groups, festivals and events, and creative businesses. Creating a thriving arts, culture and creative ecosystem in Markham will require a combination of resourcing existing arts and culture assets, while investing in infrastructure and entrepreneurial capacity for creative industries.

Markham's diversity enriches the arts and culture sector, with the Varley Art Gallery, Markham Museum and Flato Theatre serving as the epicenters of arts and culture activity.

The city also has many independent artists, arts organizations, creative businesses, and cultural organizations that contribute to an active and engaged arts sector. Initiatives targeting these various dimensions are necessary to effectively support the sector, from internal service delivery to promotion, capacity building, facilitating connections and audience development.

Markham's Innovation Ecosystem: A Foundation of Creativity

Markham is a diverse innovation economy, driven by target clusters, sectors and verticals of focus that have a strong foundation in Markham and the potential for future growth.

The Markham Economic Development and Culture Strategy 2023 to 2027 positions creativity as the foundation for Markham's sectors of focus. Grounding the strategy in creativity fosters a culture of innovation, technology, and entrepreneurship, while supporting continued economic growth and job creation.

Creativity is a critical component of a city's innovation economy as it enables Markham to prioritize the creative industries and the arts and cultural sector as economic drivers, while also contributing to the overall quality of life and cultural vibrancy of the community. It also recognizes that Markham's economic strengths and leadership is drawn from a talent pool that embraces creativity and innovation to drive solutions that address market gaps and societal challenges.

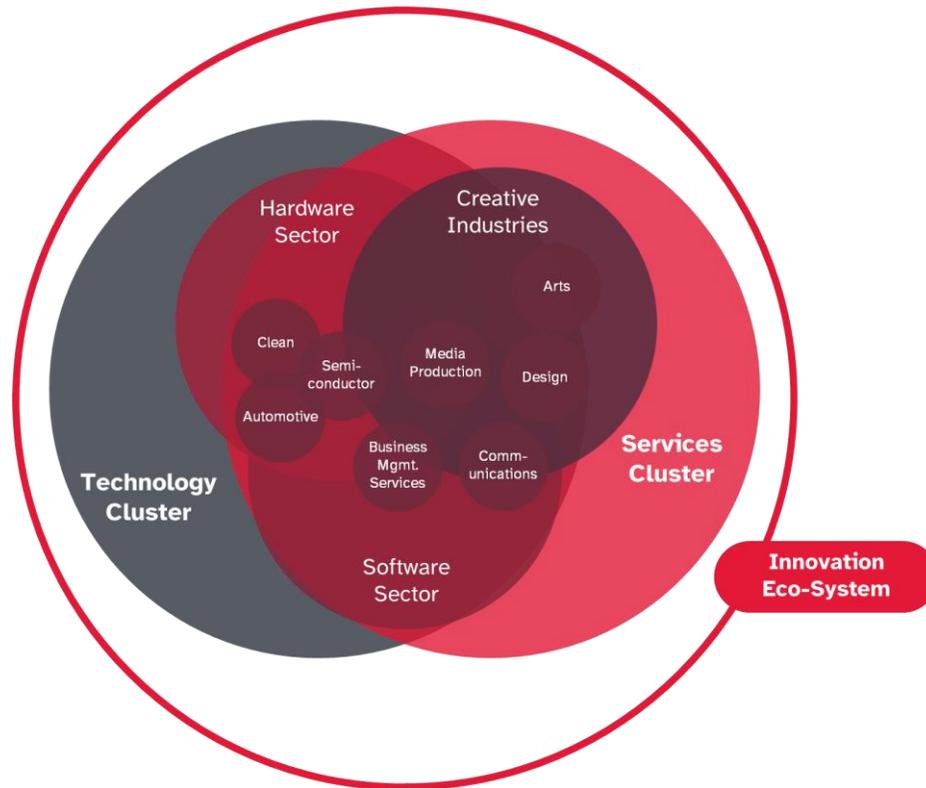
Markham's technology and services clusters are a concentration of interconnected companies, suppliers, and related institutions in the creative industries and the hardware and software sectors. These sectors are supported by organizations and infrastructure, such as post-secondary institutions, research and development, local governments funding sources, and networking opportunities.

At the intersection of Markham's technology and services clusters are the key sectors that drive growth, namely, the creative industries, the hardware sector and software sector. These sectors, sub-sectors and verticals represent industries where Markham can continue to build its reputation as an innovative community, while enabling a critical economic base.

Markham's Technology Cluster

Markham is a key contributor to Canada's gross domestic product (GDP), generating an impressive \$20.7 billion in 2022. The city's economy is a major supporter of over 30% of York Region's total GDP, with projected contributions of \$63.4 billion in the next three years. The city's employment base is also noteworthy, accounting for 29% of York Region's workforce and being driven by professional services, finance, manufacturing and technology firms.

Figure 2: Markham's Innovation Ecosystem: A Foundation of Creativity



Part of the Greater Toronto Area technology cluster, Markham boasts the highest concentration of knowledge sector workers in the country. With more than 1,500 tech companies employing more than 35,400 knowledge sector workers, this cluster has established Markham as an innovation powerhouse in the Canadian economy.

Within the technology cluster, Markham's strengths include both the hardware and software sectors. Manufacturing is a priority sector for Markham's economy. It accounts for over \$11.5 billion in exports, representing 42% of total exports and 8% of the total employment base. Markham companies manufacture hardware, spanning across automotive, robotics, medical devices, life sciences, telecommunications and clean technologies and generate over 14,000 jobs in 700 plus local firms.

Markham is home to Canada's largest concentration of semiconductor companies with a strong focus on research and development, which provides the foundational brainpower for modern hardware.

Markham's sub-sectors of focus within the hardware and software clusters include:

- Semiconductor – focus on continued research and development growth, as well as explore packaging, testing and niche manufacturing opportunities.
- Automotive – focus on software and hardware elements for electric and autonomous vehicles, as well as design and engineering.

- Medical – focus on pharmaceutical production, research and development for medical devices and instruments, as well as their manufacture.
- Clean – focus on clean technology software and hardware manufacturing.
- Communications – focus on communication technology software and hardware manufacturing.
- Business Management – focus on software solutions that provide business management support and delivery.

Markham's Services Cluster

Markham's location, reputation, and quality of life have attracted a variety of leading industry employers in computer systems design, management, scientific and technical consulting services, architectural, engineering, and related services, as well as scientific research and development services.

The services cluster, which is drawn from a creative, diverse, and highly educated workforce, accounts for one-sixth of Markham's total employment. The largest employment sector within the services cluster is professional, scientific and technical services, which employs over 30,000 people and generates more than \$2.3 billion in revenues. This is followed by the finance, insurance, and real estate sectors, as well as creative industries, each accounting for 10% of all jobs in the city.

The strong economic performance of the professional and technical services sector enables opportunities in software and computer services. This sub-sector includes software publishers, computer systems design, and data processing, and is an integral part of the technology sector, providing investment synergies for the city.

While some elements of Markham's creative industries, such as its software sector are strong, areas such as design, digital media, and film production are sub-sectors that Markham should focus on expanding. Markham has a unique opportunity to focus its efforts on niche sectors, including Interactive Digital Media (IDM) and health-based technologies.

Interactive Digital Media (IDM) refers to digital media products that require the active participation and input from users which has an impact on the manner in which that content is experienced by the user. This can include video games, virtual and augmented reality experiences, mobile apps, and other digital media products that are designed to engage users in an interactive way. In addition to being interactive, IDM often incorporates elements of multimedia, including the production and delivery of content such as motion pictures, videos, television programs, or commercials.

Markham's Economic Development and Culture Strategy Framework

Macro-economic and cultural trends frame Markham's Economic Development and Culture Strategy. As guiding principles, they provide direction, shape decision-making, and enable strategic framework development to achieve desired outcomes. Building on

the project’s overarching purpose and the macro trends impacting Markham, five strategic goals are identified for the Strategy. The framework is illustrated in Figure 3.

Figure 3 – Markham Economic Development and Culture Strategy Framework

The 2023-2027 Markham Economic Development and Culture Strategy						
Macro Trends Impacting Markham	Technological Advancements	Digital Transformation	Diversity, Equity and Inclusion	Trade Dynamics	Cultural Exchange	
	Future of Work	Talent Attraction	Smart Cities	Environmental Stewardship	Creative and Cultural Industries	
Strategic Goals	Focus on global and export-oriented business development	Enable a critical concentration of businesses through incubation, expansion and retention	Enhance the entrepreneurship, innovation and commercialization ecosystem	Galvanize a creative ecosystem	Invest in our people and places	
Markham’s Economic Development and Culture Service Delivery Areas	 Foreign Direct Investment	 Business Retention and Expansion	 Community Economic Development	 Entrepreneurship and Start-up	 Talent and Workforce Development	 Arts and Culture
Technology and Services Cluster	 Hardware Sector		 Creative Industries		 Software Sector	

The strategic goals are highly interrelated and work collectively to position Markham as a hub of export-oriented businesses and foster innovation and commercialization to enable a critical concentration of businesses in Markham’s sectors of focus including semiconductor, hardware, automotive technologies, creative industries and higher-order business services. They integrate economic advancement with the preservation and enhancement of Markham’s cultural vibrancy, leveraging synergies to enable a more resilient, vibrant, sustainable and prosperous community.

The goals help guide major economic development and culture-related decisions and initiatives in Markham. Each goal is supported by a series of relevant objectives and tangible actions that demonstrate what could be achieved if there is a commitment to make the necessary investments, while collaborating with stakeholders and partners to realize Markham’s potential.

Markham’s Economic Development and Culture Goals and Objectives

Goal 1: Focus on global and export-oriented business development

All of Markham’s sectors of focus operate within global value chains, involving multiple stages of production, from research and development to design, manufacturing, marketing, and distribution. This allows Markham’s businesses to access global inputs and take advantage of cost efficiencies and economies of scale. They also provide opportunities to integrate into the global economy, leading to job creation and economic growth.

Markham is well positioned to attract FDI due to its location, anchor firms, demographic composition and the existence of a vast pool of skilled talent. Opportunities exist to support the investment aspirations of Markham's focus sectors through targeted investments, attraction and marketing campaigns and pursuing global markets.

A lack of available and shovel-ready employment lands deters investors who are ready to build, while high land prices may discourage investment from some manufacturers that are integral to the supply chain. From a strategic standpoint, the City has decided to focus on protecting key employment areas adjacent to 400 series highway infrastructure to support goods movement to adapt to a changing economic landscape. It is imperative that the City ensures an appropriate amount of land is available for current and future business growth. Furthermore, the supply of specific talent requirements in the semi-conductor industry are expected to intensify as investment in this sector grows.

Supporting global investment and trade involves these strategic objectives:

- Foster foreign direct investment opportunities that support the growth of Markham's sectors of focus
- Support the development of infrastructure and incentives to encourage investment attraction
- Support business growth through the facilitation of export and trade opportunities

There are 13 specific action items identified to support these objectives, each of which identifies implementation partners, priority execution timelines, and funding requirements.

Goal 2: Enable a critical concentration of businesses through incubation, expansion and retention

Markham recognizes the importance of supporting and promoting local businesses through effective communication and streamlined processes. This involves a collaborative approach that promote programs and grants to support local businesses, as well as providing access to data and resources that can help businesses navigate complex approval processes.

A formalized BR+E program can support Markham's sectors of focus to thrive and grow by providing opportunities for owners and managers to share plans with local municipal leadership. The most successful BR+E programs have dedicated staff who meet regularly with businesses to identify and remove obstacles that hinder growth, recognize partnership and diversification opportunities in local and regional supply chains, promote sectors more effectively and connect companies to funding opportunities that support expansion or productivity advancement.

BR+E programs can also serve as important drivers of business attraction. Large and high-growth businesses within Markham's ecosystem usually have extensive supply chains and can be essential sources of new investment leads. Ongoing communication

with existing businesses can stimulate expansion and investment opportunities from established foreign-owned firms and those supplying goods and services to Markham businesses.

Enabling a critical concentration of businesses in Markham involves these strategic objectives:

- Increase capacity and invest in resources for a more formalized BR+E approach
- Support business growth through enhanced approvals processes and infrastructure investment
- Support business networking and community building

There are five specific action items identified to support these objectives, each of which identifies implementation partners, priority execution timelines, and funding requirements.

Goal 3: Enhance the entrepreneurship, innovation and commercialization ecosystem

Markham has a well-rounded ecosystem with a wide range of start-up and entrepreneurship services for business owners including ventureLAB, YSpace at York University, Seneca HELIX, and the Markham Small Business Centre. As the vision for the Markham Innovation Exchange (MiX) comes to completion, Markham will be home to Ontario's first innovation cluster that connects knowledge and production sectors, fostering innovation at scale with critical mass.

Enhancing the entrepreneurship, innovation and commercialization ecosystem is a strategic goal for Markham, as it connects and enables a global economy and a critical concentration of businesses. An interconnected network of organizations, individuals, and resources can support the creation and growth of new businesses and the commercialization of innovative products and services.

Markham has the opportunity to expand its current network of services and resources to support the creation and growth of new businesses and the commercialization of innovative products and services. Strategic focus areas include working with local and regional bodies and investing in accelerator and incubator programming that complement sectors of focus, including semiconductors, hardware, automotive and the creative industries.

Markham's focus on enhancing the entrepreneurial and innovation ecosystem requires positioning Markham Centre as a creative innovation district and the Markham Innovation Exchange (MiX) as Canada's premier destination for hardware manufacturing.

Enhancing and growing Markham's innovation ecosystem involves these strategic objectives:

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- Work with local and regional bodies to enable innovation and entrepreneurship in Markham
 - Realize Markham Centre's potential as a creative innovation district
 - Establish the Markham Innovation Exchange (MiX) as Canada's premier destination for hardware manufacturing

There are 24 specific action items identified to support these objectives, each of which identifies implementation partners, priority execution timelines, and funding requirements.

Goal 4: Galvanize a creative ecosystem

The arts and culture ecosystem in Markham includes many dimensions: city-run institutions, independent artists, arts workers, community groups, festivals and creative businesses. As such, initiatives targeting these various dimensions are needed to effectively support the sector, from direct service delivery, promotion, capacity building, facilitating connections and audience development.

The Varley Art Gallery, Markham Museum and Flato Markham Theatre serve as key hubs for cultural activity within the city. These institutions are critical to the overall ecosystem and have vital roles to play in bringing artistic and cultural experiences to the citizens of Markham. They also can act as catalysts to bring together artists and creatives, and drive growth across the whole sector. As such, continued investment in resources for these facilities will support the overall success for arts and culture in Markham.

The objectives and actions within this goal will help artists grow in their careers, connect audiences with arts activities, increase community cohesion, and cultivate civic pride. Galvanizing a creative ecosystem in Markham involves these strategic objectives:

- Increase visibility and density of arts and culture in Markham
- Develop supports and infrastructure to attract investments in film production
- Build a sense of community and joint mission in Markham's arts and culture sector
- Grow awareness of Markham's arts and culture through improved marketing and collaboration
- Renew and reinvigorate Markham Museum's role and reimagine it as a community and cultural destination
- Grow and expand live theatre opportunities in Markham
- Maximize the Varley Art Gallery's capacity as an arts hub

There are 37 specific action items identified to support these objectives, each of which identifies implementation partners, priority execution timelines, and funding requirements.

Goal 5: Invest in our people and places

Markham's economic development and culture success is dependent on the City's ability to dedicate resources towards improving the quality of life for its residents and the overall livability of the community. This can take many forms, such as improving infrastructure, focusing community-based and placemaking initiatives and supporting social programs. Markham's people and cultural diversity are its strengths.

Markham's diversity is reflected in its arts and culture offerings, which are enriched by the contributions of its citizens. With over 200 City-delivered partner-organized events and festivals each year, the city is rich with cultural offerings. However, community activities are often siloed. There is an opportunity for more cross-cultural integration to facilitate shared experiences for residents, to spread the word more effectively about arts and culture events as well as ways for residents to curate additional offerings, and to grow awareness that community events and facilities are open and accessible to everyone.

For Markham, investing in its people and places includes the recognition that economic development through arts and culture extends beyond the revenue generated through professional arts and culture organizations. Arts and culture can contribute to a sense of place, improving public spaces and creating cultural hubs to attract new residents, businesses and investment.

Opportunities exist to support small main street and retail businesses in business improvement areas, as well as in the City's key development areas such as Markham Road – Mount Joy, Milliken, Markville, etc., the arts and culture sector and creative entrepreneurs as they contribute to the city's economic growth by creating jobs, generating revenue, and supporting local suppliers. They also support resident attraction and retention efforts, as people want to live in a vibrant and complete community with a wide variety of service offerings and amenities.

Investing in Markham's people and places involves ten strategic objectives:

- Support community-based business formation and healthy commercial centres
- Support the retail health and destination draw of Main Street Unionville
- Support the retail health and destination draw of Main Street Markham
- Support the Yonge Street commercial corridor in Thornhill
- Promote and support entrepreneurs who are representative of Markham's diversity
- Collaborate on programming and delivery across City cultural facilities and City-led events with a focus on reflecting Markham's cultural diversity
- Support community arts and culture programming that contribute to Markham's quality of life and celebrate its diversity
- Support access to the required workforce by facilitating connections between academia and industry
- Connect and grow the creative workforce
- Advocate for investments that promote housing and transportation options

There are 43 specific action items identified to support these objectives, each of which identifies implementation partners, priority execution timelines, and funding requirements.

Implementing the Strategy

Overall there are 121 specific actions identified to realize the five identified goals of the City of Markham's Economic Development and Culture Strategy.

Failures or delays in implementation of an economic development and culture strategy often result from a lack of financial resources or limited staff capacity to lead initiatives. The level of investment, effort and coordination required to successfully implement the Markham Economic Development and Culture Strategy will be significant.

Successful implementation will require a commitment from the Markham Economic Development Growth, and Culture and Entrepreneurship Department that is coordinated with other City departments and community partners. It will also require staffing and capacity investment, partnerships, and additional budget.

FINANCIAL CONSIDERATIONS

In order to realize these goals, it will require additional investments in staff resources, capacity, and infrastructure, funding for community partnerships and programming, as well as additional technology tools, all of which are required to promote Markham's economic opportunities and support the growth of the City's arts and culture community. So far, 52 recommendations are funded through the existing budget, 27 recommendations are partially funded, and there are 42 recommendations that require new funding.

Approval of this report does not authorize the necessary funding to implement the Strategy. The Economic Growth, Culture and Entrepreneurship Department will bring forward any required incremental funding request to support implementation of the Strategy as part of the annual budget process.

HUMAN RESOURCES CONSIDERATIONS

Implementation of the City of Markham's Economic Development and Culture Strategy will require additional staff resources and overall review of the Department's staffing model to ensure required resourcing is achieved to meet objectives. Requests for any additional staff resources will be brought forward as part of the annual budget process.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Goal 2: Engaged, Diverse, Thriving and Vibrant City - Build Markham as the best place to live, invest, work, and experience rich diversity.

BUSINESS UNITS CONSULTED AND AFFECTED:

Finance
Planning and Urban Design
Engineering

Recreation
Sustainability and Asset Management
IT

RECOMMENDED BY:

Chris Rickett
Director, Economic Growth, Culture
and Entrepreneurship

Arvin Prasad
Commissioner, Development
Services

ATTACHMENTS:

- Appendix 1 – City of Markham Economic Development and Culture Strategy:
2023 to 2027