

# REMOTE WORK: URBAN PANACEA OR CURSE?

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## About this report

This report was commissioned by the Intergovernmental Committee for Economic and Labour Force Development (ICE). The ICE Committee was established in 1997 by officials in the Government of Canada, the Province of Ontario, and the City of Toronto. The committee's purpose is to coordinate the economic and labour force development activities of the three governments (and the various departments and ministries within each government) in Toronto.

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## Executive Summary

As the global COVID-19 pandemic recedes, there remain complex questions about pandemic recovery in cities. Uncertainty remains with respect to the changing nature of office work, the impact of these changes on the urban labour force, and their implications for the patterns and locations of work. Indeed, there has been extensive discussion and speculation regarding the future of cities in the academic and policy literature. The rise of remote and hybrid work arrangements for large swaths of the urban labour force raises questions about how city leaders and policymakers should respond to the opportunities and challenges such shifts present.

Despite the interest in the pandemic-related acceleration of remote and hybrid work practices, few comprehensive reviews take stock of the evidence on questions such as:

1. What are the impacts of remote and hybrid work on labour force participation for equity-deserving groups?
2. What are the impacts of remote and hybrid work on productivity?
3. What are the impacts of remote and hybrid work on the urban built environment, including transportation, real estate, and downtown vibrancy?
4. Can (and should) office buildings and downtown spaces be reimagined and repurposed?
5. What are the emerging best practices related to remote and hybrid work?

This report addresses these questions through a detailed review of the academic and policy literature on impacts of remote work on cities, paying particular attention to Toronto's experience. We also amassed quantitative data from a range of public and private sources to understand trends in remote and hybrid work and urban vibrancy in Toronto. In addition, we conducted 11 expert interviews with individuals with expertise related to cities, transit, real estate, or economic and workforce development, as well as in-depth knowledge of the Toronto and Canadian context.

Overall, our research suggests that **we continue to be in a period of uncertainty with respect to questions about the future of work and cities**. Our analysis shows that on all key indicators of urban vibrancy there continues to be flux and change; trends and patterns in urban recovery have not fully stabilized. We find that hybrid and remote work are widespread practices, with these arrangements becoming more common, especially in knowledge-based industries and occupations, which often rely on office-based work. However, the extent to which remote and hybrid work are embedded is highly variable in terms of geography, industry, occupation, education level and various other socio-economic and demographic characteristics, with negative consequences often realized by women, youth, racialized groups, newcomers and immigrants, as well as those with less formal education. However, hybrid and remote work also





introduces flexibility, especially for working parents and other caregivers and can promote labour force participation for some groups of workers, such as persons with disabilities.

We also found mixed evidence on the relationship between productivity and remote and hybrid work. More notably, there are concerns about the impact of remote and hybrid work on innovation. This presents a longer-term risk given that cities are important places in generating new ideas. Thus, while there are benefits to remote and hybrid work realized at the individual level for some of the workforce, there are substantial concerns about the aggregate outcome and its negative consequences for cities.

Our evidence also shows that Toronto continues to face challenges in the wake of the pandemic, particularly in the realms of downtown activity, office occupancy and transit use. Here too, our evidence indicates that urban recovery is still evolving and has not reached a new steady state. There is a need for Toronto to reimagine its downtown to increase its attractiveness to residents, workers, businesses and visitors. Converting offices to other uses, including housing, is possible under specific technical conditions, but requires the right financial incentives to allow this to occur.

However, facilitating and permitting dramatic shifts in the urban built environment could place the city at risk of not being able to adapt to the future of work, for instance if demand for downtown office space were to rise unexpectedly. Recognition of uncertainty and ongoing urban dynamism is fundamental to the recommendations we provide below.

Based on our qualitative and quantitative evidence, we argue that the risk of doing nothing in anticipation of a return to a pre-COVID ‘normal’ is detrimental to Toronto’s future. We draw upon our findings to develop tangible policy recommendations regarding how Toronto can leverage the opportunities and address the challenges presented by pandemic-induced changes. Based on our analysis, we recommend the following:

1. **Convene a task force to propel the city towards a prosperous, sustainable recovery:** The development of a mayoral-led, civic leader driven, long-term task force can help the city continue on its path to recovery in a manner that promotes urban vibrancy. The task force should include engagement with all three levels of government and include representative leaders of the business, university and non-profit sectors. Toronto has an opportunity, as Canada’s largest city, to demonstrate leadership, creativity, and collaboration through such a task force.
2. **Develop a data analysis strategy and capacity:** The creation of a formal data strategy focused on urban recovery and the future of Toronto can allow the city to build a deeper understanding of trends and provide the capability to evaluate policy experiments, pilot



projects and interventions in the city. This could include investments in data collection and acquisition, in-house data analysis, and assessment capacity.

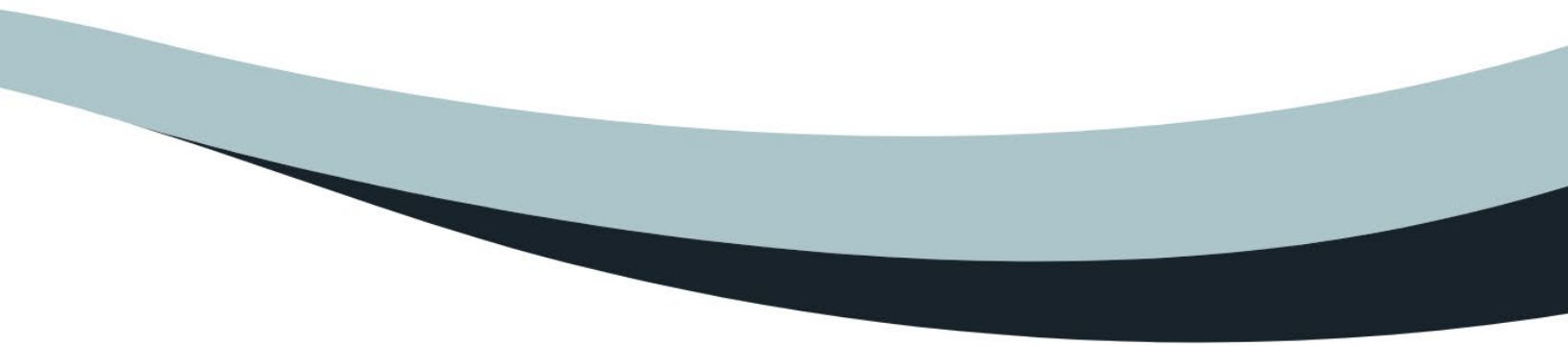
3. **Build on Toronto's existing strengths and economic diversity:** Toronto should leverage its strengths in knowledge-based sectors such as financial services, life sciences and communication and cultural industries, excellent educational institutions, and welcoming environment to newcomers have been instrumental in bolstering employment activity in the city and generating opportunities to build prosperity. As the city prepares to build a vision and strategy to move forward in recovery from COVID-19, it is imperative to build on and support the city's foundational strengths.
4. **Leverage planning tools in conjunction with financial incentives:** A consultative planning exercise can help to determine where to protect employment lands, and where and how to direct change to reinvigorate the CBD to include activities beyond office work. This can involve the use of new planning tools, such as expedited building permits and more flexible, permissive zoning, alongside financial tools, such as property tax rebates, reduced development charges and other incentives. Through collaborative governance approaches, and in connection with non-government partners including developers and non-profit organizations, planning and incenting a cohesive set of changes in urban form and land use is warranted.
5. **Enhance mobility and connectivity:** Strategic investments and ongoing efforts to enhance mobility and connectivity in the city are fundamental to the city's future, including accommodating expected growth in population and jobs. Such efforts need to recognize the impact of hybrid work on mobility patterns, which has concentrated transit ridership in the mid-week period and at off-peak hours, and elevated activity on weekends and during special events such as sporting activities, concerts, and cultural festivities. Ensuring ease, safety and frequency of mobility and connectivity both within Toronto and between Toronto and surrounding regions, will underlie Toronto's ability to continue to be able to draw in residents, workers and visitors.
6. **Support hybrid work:** Remote and hybrid work present advantages to workers in the form of accommodation for people with disabilities and caregiving responsibilities and can provide opportunities for improved flexibility and work-life balance by removing the need to commute. Governments can play a role in supporting hybrid work in a number of ways. First, they can model and experiment with best practices in hybrid work for their employees, showcasing examples of success, as well as learning from failure. Second, government can use its convening power and collaborate with other industry, community and labour partners to create initiatives to best support hybrid work in the urban economy.



- 7. Advocate for and engage in placemaking:** Vibrant urban spaces need people. Advocating for a placemaking-focused approach that prioritizes creating and animating spaces in ways that draw people to them – both residents and visitors – is critical to post-pandemic recovery. Placemaking can contribute to equity by making places accessible and contributes to economic development by making places more commercially attractive. Such efforts should intentionally emphasize the value of creating diverse spaces for people and involve implementing inclusive, placemaking-focused approaches to rejuvenating downtown spaces.







# 1. INTRODUCTION

# 1 Introduction

As the global COVID-19 pandemic recedes, there remain complex questions about pandemic recovery in cities. Uncertainty remains with respect to the changing nature of office work, the impact of these changes on the urban labour force, and their implications for the patterns and locations of work. Indeed, there has been extensive discussion and speculation regarding the future of cities in the academic and policy literature.<sup>1</sup> In particular, the return-to-office (RTO) in concert with the shift to remote work, hybrid work or work-from-home (WFH) for large swaths of the urban labour force raises questions about how city leaders and policymakers should respond to the opportunities and challenges such shifts present.

Despite the interest in the pandemic-related acceleration of remote and hybrid work practices, few comprehensive reviews take stock of the evidence on questions such as:

1. What are the impacts of remote and hybrid work on labour force participation for equity-deserving groups?
2. What are the impacts of remote and hybrid work on productivity?
3. What are the impacts of remote and hybrid work on the urban built environment, including transportation, real estate, and downtown vibrancy?
4. Can (and should) office buildings and downtown spaces be reimagined and repurposed?
5. What are the emerging best practices related to remote and hybrid work?

To address these questions, we organize our report as follows. In the *Background* section, we provide an overview of the contemporary history of remote work, review research and thinking regarding the ongoing impacts of remote work on cities, and provide additional information to contextualize the specific challenges that Toronto faces. The next section, *People Productivity and the Future of Work*, explores the impacts of remote work on employment. Following this, the report looks at questions of the differential impacts and implications of remote and hybrid work on productivity and people, including equity-deserving groups. In the next section, *Urban Vibrancy and the Built Environment*, the report examines debates around whether the shift to remote work will endure as a structural change, highlighting a range of evidence globally and locally. It provides an in-depth examination of various aspects of Toronto's urban vibrancy, including downtown recovery, office occupancy, transit use and real estate vacancies. In

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<sup>1</sup> Shauna Brail, 'COVID-19 and the Future of Urban Policy and Planning', *Current History*, 121.838 (2022), 298–303 <<https://doi.org/10.1525/curh.2022.121.838.298>>; Richard Florida, Andrés Rodríguez-Pose, and Michael Storper, 'Cities in a Post-COVID World', *Urban Studies*, 2021, 00420980211018072 <<https://doi.org/10.1177/00420980211018072>>.



addition, we consider the potential for the adaptive reuse and conversion of downtown office buildings. The final section of the report, *Recommendations and Conclusions*, presents a series of recommendations related to best practices in the adaptation of cities – physically, economically, and socially – to the future of work and cities. Based on our analysis, we summarize and translate our findings into tangible policy recommendations regarding how Toronto can leverage the opportunities presented by pandemic-induced changes related to remote and hybrid work, while avoiding some of the inherent challenges and pitfalls associated with them.

To investigate the five key themes addressed in this report, we designed our study to take place in several phases. First, we reviewed the existing international body of research and analyses that examines the impact of remote and hybrid work, with an eye to understanding productivity, labour force participation, the impact of changing work practices on the built environment (e.g. transit, office use and real estate, downtown recovery), and office re-use. In addition, we sought to identify and understand evolving best practices related to the adoption of remote and hybrid work models. We paid special attention to the uneven distribution, adoption and impacts of remote work on cities and groups within it, including newcomers, women, and other equity-deserving populations. We ensured that our extensive scan and review of materials was relevant to the Toronto, Ontario and Canadian context, while also paying attention to US and international evidence generated by leading experts and organizations on the dynamics of remote and hybrid work and its impacts.

Second, we analyzed quantitative data to provide evidence and context related to pandemic-induced urban change and recovery in Toronto (and Canada). We amassed an extensive set of metrics that capture change in the urban environment, including from Statistics Canada and other public and private data providers. **Table 1** (below) provides a list of the quantitative data sources that we draw upon throughout this report.

Using these data, we provide a snapshot of how Toronto is performing on a range of indicators and measures of urban recovery based on the best and most current information available at the time of writing. These data capture a range of issues relevant to urban pandemic recovery, including office vacancies, industry dynamics, and transit use.



**Table 1: Data sources on remote work, urban dynamism and pandemic recovery**

Variable	Source / Organization	Frequency
Business expectations on work location	Canadian Survey on Business Conditions, Statistics Canada & Canadian Chamber of Commerce	Quarterly
Work from home arrangements	Labour Force Survey, Statistics Canada	Monthly
Remote and hybrid work demand (Job postings)	Vicinity Jobs	Monthly
Downtown recovery	School of Cities	Bi-weekly
Workplace mobility	Canadian Chamber of Commerce Business Data Lab	Weekly
Office occupancy	Strategic Regional Research Alliance (SRRA)	Bi-weekly
Transit ridership	Toronto Transit Commission	Monthly
Real estate vacancy rates	Co-Star	Quarterly

We note that collecting, integrating and analyzing timely data on pandemic recovery in cities is not without difficulty. Urban scholars are often stymied by four interrelated challenges<sup>2</sup>. First, the availability of data (and the specific form its takes) is often subject to shifts in public policy priorities and private sector decisions. Second, temporal issues such as the frequency of data collection (e.g. daily to annually) and the speed of data availability (e.g. real time access vs. delayed release) create challenges in comparing and corroborating findings. Third, there is a growing reliance on unexpected and novel data sources, which can often be characterized as a black box accompanied by unknown biases and limitations. Finally, questions of spatial scale plague data collection. Relevant to this report, the definitions of ‘downtown’ or ‘Toronto’ are not consistent across data sources and do not necessarily follow political or administrative boundaries.

Overall, this leads to trade-offs between rapid, novel data and slow, consistent data<sup>3</sup>. As we have argued elsewhere, “analysis of, and access to, myriad sources of data are necessary to understand the immediate and long-term impacts of COVID-19 on cities.”<sup>4</sup> In this report, we

<sup>2</sup> Tara Vinodrai and Shauna Brail, ‘Cities, COVID-19, and Counting’, *Big Data & Society*, 10.2 (2023) <<https://doi.org/10.1177/20539517231188724>>.

<sup>3</sup> T. Vinodrai, ‘Urban Mobility and the Digital Economy: Capturing the Experiences of Canadian Cities’, in *Urban Mobility: How the Iphone, Covid and Climate Changed Everything*, Edited by Brail, S. and Donald, B. (Toronto: University of Toronto Press, Forthcoming); Shauna Brail, ‘Visualizing the Impact of COVID-19 on Toronto’, *Spacing Toronto*, 2022 <<http://spacing.ca/toronto/2022/12/13/visualizing-the-impact-of-covid-19-on-toronto/>> [accessed 11 August 2023].

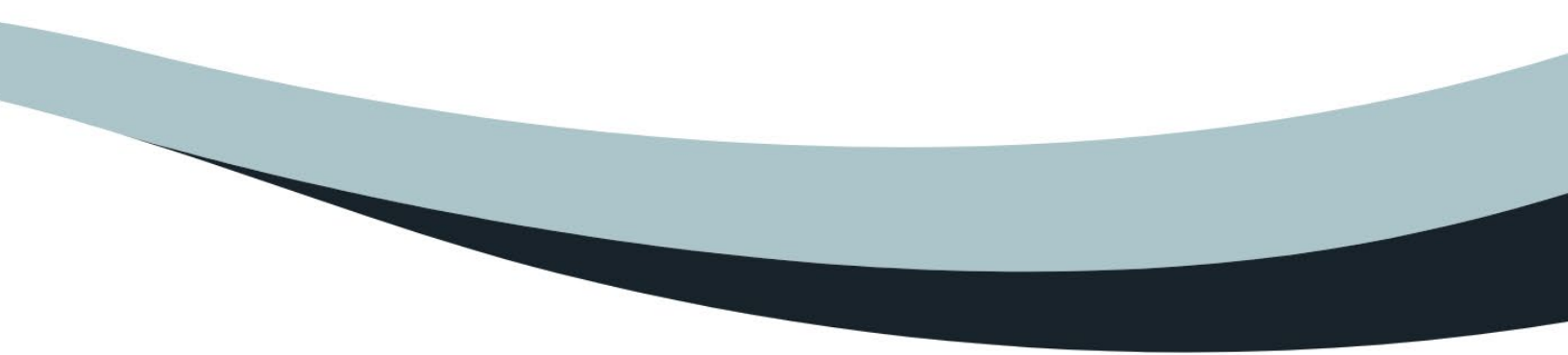
<sup>4</sup> Vinodrai and Brail.



overcome these challenges by drawing on a range of sources, acknowledging that each source has its limitations. By using data from a range of sources, we are able to triangulate and corroborate our findings and build a comprehensive snapshot of the trajectory of Toronto's pandemic recovery.

Finally, we conducted in-depth interviews with eleven leading experts on remote work and cities. Interviewees included local, national and international academics, policy leaders and practitioners (see **Appendix A: List of Interviewees**). Our interviews were conducted remotely using standard video conferencing platform technologies (e.g., Zoom or MS Teams). The questions we posed to the interviewees focused on enhancing our understanding of the impacts and implications of changing work patterns with respect to the future of cities. We further probed to understand place-based dynamics and to identify policy options for addressing challenges and incenting desired actions. Based on the interview data, we identified common themes and perspectives and pinpointed both areas of consensus and disagreement regarding the influence of remote and hybrid work on the urban economy.





## 2. BACKGROUND



## 2 Background

Discussion and debate about the prospects and challenges of remote work for cities surfaced well before the beginning of the COVID-19 global public health emergency in March 2020. Frequently referred to as ‘telework’, predictions and possibilities of performing workplace activities away from the traditional office have a long history, tied to advances and innovation in Information and Communications Technologies (ICT). Between 1965 and 2019, the proportion of paid work conducted from home in the US rose from below 0.5% to 7%.<sup>5</sup> However, predictions that the rise of digital technologies, including extensive communications infrastructure networks and cloud computing, would enable a wholesale transformation of work simply did not materialize, until the pandemic.

### 2.1 Pandemic recovery and the future of cities<sup>6</sup>

Shortly after the pandemic began in spring 2020, debate on whether COVID-19 would end cities, as we knew them, surfaced regularly and created an initial sense of alarm. Some urbanists suggested that a new urban order was likely to emerge in which the urban core could lose its dominance as continued population dispersal alongside reduced emphasis on mass transit ensued. Yet, as the pandemic has continued to run its course, it is obvious that while cities will continue to be key centres of concentration for people, ideas, capital, and goods movement, they are also on the cusp of change. As cities work to recover, uncertainty remains.

Questions of whether, and how much, office workers will return to in-person work present a range of policy challenges for cities. One of the most significant of these relates to the future sustainability of the central business district (CBD). Some suggest that to maintain vibrancy, the CBD will need to evolve. Similar to the way that the movement of factory jobs resulted in disruption and transformation of the urban landscape in the past, some expect that the future of the CBD will result in a similarly profound set of shifts. Furthermore, while evidence on pandemic recovery and cities remains tentative and uncertain, it is not premature to consider the policy implications of massive shifts in the location of work and the role of the CBD as the city’s centrifugal force.

With a concentration of office towers, CBDs are also important to city governments for financial reasons. CBDs present a valuable source of property tax revenues to municipal governments. In some cities, development charges paid by property developers help fund critical urban infrastructure and amenities, including public art, parks, and affordable housing. Reductions in

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<sup>5</sup> José María Barrero, Nicholas Bloom, and Steven J. Davis, ‘The Evolution of Work from Home’, *Journal of Economic Perspectives*, 37.4 (2023), 23–49 <<https://doi.org/10.1257/jep.37.4.23>>.

<sup>6</sup> This section includes an adaptation of text from Brail, 2022.



property values and development activity will have negative repercussions for municipal finances.

If the role of the CBD shifts away from a primary focus on offices and office-based activities, this will necessarily lead to changes in the role of downtowns. However, such a shift does not have to equate with the demise of downtown. Nevertheless, managing uncertainty in light of the potential for transformation of the CBD and the city more broadly does require proactive and intentional policy, planning and vision.

What can cities do? The role of the CBD as a place of office work appears destined to shift. However, the degree of this shift continues to be uncertain. Moreover, it does not necessarily mean that the concentration of economic activity in cities, and especially their downtowns, will no longer be important or decline in significance. Firms will still be anchored in space. Firms and people can continue to be drawn to downtown. Indeed, downtowns can survive these shifts by reinforcing their roles as centres of cultural opportunities, social and civic engagement, points for transit accessibility, and places where people want to gather, work, live and meet.

However, for downtowns to remain attractive to businesses, residents, and visitors, they must be compelling. The challenge for governments, firms and organizations will be to continue to create and support persuasive reasons and an authentic urban environment that tethers people to cities. Despite the potential for remote and hybrid work, in-person activities will continue to matter for most employers.

In pandemic recovery, there appears to be a need to upgrade CBDs through the addition of urban neighbourhood-style amenities, pedestrian oriented streetscapes, and opportunities. Retrofitting buildings is one of several tactics that may help to usher in a new era for the CBD. With potentially fewer people working downtown daily, city planners will be tasked with considering how to preserve downtown employment space while improving quality of life opportunities in downtowns. This might mean converting office buildings to other uses, including housing. While office conversion is expensive, it is not an unheard-of approach under the right conditions. Office conversion has been raised repeatedly as a solution that tethers people to downtown, while at the same time addressing housing supply and affordability issues in cities.

Even without the same numbers of office workers present on a daily basis, downtowns are frequently centres of government and homes to large institutions including hospitals, colleges and universities, sports stadia, live theatre and other cultural activities. As such, cities and their downtowns will continue to be places where people gather to lead the work of governments, to conduct innovative research and treat patients, and to educate and train the next generation of



physicians, scientists, designers, policymakers, and others. Cities remain fundamental to the modern innovation economy.

Across North America and globally, city leaders have convened groups of leaders from government, industry and civil society to support and encourage a return to the office to increase activity in the urban core. For example, in 2022, the ‘New New York Panel’ was tasked with preparing an action plan for New York City’s post-pandemic future. Established by the Governor of New York State and the Mayor of New York City, the panel was comprised of civic, industry and community leaders. The New New York Panel led the development of a report called “Making New York Work for Everyone”, which set the stage for New York City’s ongoing efforts towards an equitable, resilient recovery.<sup>7</sup> In New York and other jurisdictions, city governments and other organizations have implemented a range of policies and programs intended to support recovery. These efforts have included support for small businesses through property tax relief programs and access to outdoor street spaces via zoning for commercial uses. Other programs have focused on animating places through festivals, outdoor dining, concerts, and conferences to bring visitors to the core.

While Canada is not alone in experiencing dramatic change with respect to the location of work and the concomitant shift towards remote and hybrid work arrangements, evidence suggests that the proportion of remote and hybrid work in Canada is high relative to comparator countries. From a global perspective, a survey-based study of paid work conducted from home in April and May 2023, highlighted that Canadian workers reported working from home an average of 1.7 days per week. This figure placed Canada as the highest of 34 countries studied, with respondents in the UK, US, Australia, and New Zealand rounding out the group of countries where the average rate of working from home was at least one day per week or more. The rate of working from home in this group was higher than almost all of the countries from Europe, Latin America and Asia included in the study.<sup>8</sup>

In addition to geographic unevenness with respect to remote patterns of work at the national scale, we also see distinctions at the urban level. A US-based study<sup>9</sup> identifies an important paradox in the prospects and possibilities for remote work, illuminating that it is in the largest cities with concentrations of highly skilled workers (especially in the fields of information technology, finance and insurance, and professional services) that the propensity for remote

<sup>7</sup> ‘New’ New York Panel, *New New York Action Plan - Making New York Work for Everyone* (New York, New York, 2022) <[https://edc.nyc/sites/default/files/2023-02/New-NY-Action-Plan\\_Making\\_New\\_York\\_Work\\_for\\_Everyone.pdf](https://edc.nyc/sites/default/files/2023-02/New-NY-Action-Plan_Making_New_York_Work_for_Everyone.pdf)> [accessed 7 April 2024].

<sup>8</sup> Cevat Giray Aksoy and others, *Working from Home Around the Globe: 2023 Report*, 28 June 2023 <<https://wfhresearch.com/wp-content/uploads/2023/06/GSWA-2023.pdf>> [accessed 1 August 2023].

<sup>9</sup> Lukas Althoff and others, ‘The Geography of Remote Work’, *Regional Science and Urban Economics*, 93 (2022), 103770 <<https://doi.org/10.1016/j.regsciurbeco.2022.103770>>.



work is highest. The study finds that in big cities there are more people who do work that could be theoretically done from anywhere. Furthermore, when highly skilled workers work remotely, the impacts on lower skilled workers in these same cities are exacerbated because as “workers start working from home or leaving the city to work from elsewhere, their spending on consumer services in the local economy decreases or disappears.”<sup>10</sup> As a result, the concentration of highly skilled workers in select cities paradoxically makes these cities more vulnerable in the face of the shift to remote work.

## 2.2 Defining remote and hybrid work

Before delving further into analysis and findings, it is important to discuss how the term ‘remote work’ is defined in existing studies and reports. Researchers, statistical agencies and other organizations use a variety of terms to describe shifts in work practices, and – specifically – the location of work. Three terms are commonly used - sometimes interchangeably - to refer to the practice of undertaking work outside of a traditional employment location: remote work, work from home (WFH) and hybrid work. Yet, these terms are often ill defined or undefined, particularly in the popular and business press.

Remote work, WFH and hybrid work are not new concepts. For several decades, researchers have discussed the growing use of telework and telecommuting, normally defined as working from home or another satellite location enabled by information and communications technologies.<sup>11</sup> Early studies of telework considered a range of issues related to how new digital communications technologies might have benefits and drawbacks for employers, employees, and the location of work. This included questions about the impact of telework on a variety of organizational issues such as: health and safety, ergonomics, monitoring and performance, employee engagement, as well as cost savings and productivity. Evidence at that time suggested that the answers to these questions were not clear-cut or definitive, but rather situational, nuanced and context specific.

With the advent of the COVID-19 pandemic that led to public health measures requiring people to stay home and work from home at unprecedented levels, there has again been a growing interest in telework, telecommuting and remote work. And, many of the same questions remain unanswered.

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<sup>10</sup> Althoff and others.

<sup>11</sup> Vittorio Di Martino and Linda Wirth, ‘Telework: A New Way of Working and Living’, *International Labour Review*, 129.5 (1990), 529–54; Diane E. Bailey and Nancy B. Kurland, ‘A Review of Telework Research: Findings, New Directions, and Lessons for the Study of Modern Work’, *Journal of Organizational Behavior*, 23.4 (2002), 383–400 <<https://doi.org/10.1002/job.144>>; Bongsik Shin and others, ‘Telework: Existing Research and Future Directions: Findings, New Directions and Lessons for the Study of Modern Work’, *Journal of Organizational Computing and Electronic Commerce*, Vol 10, No 2 (2000) <[https://www-tandfonline-com.myaccess.library.utoronto.ca/doi/abs/10.1207/S15327744JOCE1002\\_2](https://www-tandfonline-com.myaccess.library.utoronto.ca/doi/abs/10.1207/S15327744JOCE1002_2)> [accessed 17 March 2024].



Researchers usually treat remote work as paid work that is conducted exclusively off-site (normally assumed to be home). In contrast, under hybrid work arrangements employees divide their days between working at home and working in a formal employment setting (e.g. office) each week.<sup>12</sup> In the Canadian context, Statistics Canada distinguishes place of work using a set of categories that include: 1) usual place of work (which implies a fixed, physical location outside the home); 2) no fixed workplace address; 3) worked from home; and 4) worked outside Canada.<sup>13</sup> Yet, this obscures a range of hybrid practices that have emerged that result in individuals working several days on site at their usual place of work and other days from their home or other locations, including co-working spaces and other meeting places.

Indeed, capturing the location of work is an increasingly vexing question. Some studies focus exclusively on workers that conduct their work in office environments and capture their daily activity through surveys. In many of these cases, researchers focus on the propensity of WFH and hybrid work amongst highly educated workers, who are presumed to be more able to have locational flexibility.<sup>14</sup> Others consider the role of digital nomads, seen as being footloose mobile workers who can work from anywhere and often choose distant locations that prioritize lifestyle considerations, leisure and tourism.<sup>15</sup> Others still note the rise of mobile and multi-locational work, already practiced prior to the pandemic by many working in the knowledge economy.<sup>16</sup>

Again, it is important to recognize that this range of remote and hybrid work arrangements are not new. Rather, such work practices have become increasingly prevalent and more widely practiced since the beginning of the global COVID-19 pandemic. In reporting results, we try to distinguish – where possible - amongst these work practices because they have different implications for the future of cities, as well as the future of work.

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<sup>12</sup> Nicholas Bloom, Ruobing Han, and James Liang, 'How Hybrid Working From Home Works Out', Working Paper Series (National Bureau of Economic Research, 2022) <<https://doi.org/10.3386/w30292>>.

<sup>13</sup> Statistics Canada, 'Place of Work Status by Industry Sectors, Work Activity during the Reference Year, Age and Gender: Census Metropolitan Areas, Tracted Census Agglomerations and Census Tracts', 2022 <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=9810047001>> [accessed 12 April 2024].

<sup>14</sup> Aksoy and others.

<sup>15</sup> Olga Hannonen, 'In Search of a Digital Nomad: Defining the Phenomenon', *Information Technology & Tourism*, 22.3 (2020), 335–53 <<https://doi.org/10.1007/s40558-020-00177-z>>.

<sup>16</sup> Filipa Pajević and Richard Shearmur, 'Where Are the Knowledge Workers? The Case of Silicon Valley North in Ontario, Canada', in *New Workplaces—Location Patterns, Urban Effects and Development Trajectories: A Worldwide Investigation*, ed. by Ilaria Mariotti, Stefano Di Vita, and Mina Akhavan (Cham: Springer International Publishing, 2021), pp. 233–50 <[https://doi.org/10.1007/978-3-030-63443-8\\_13](https://doi.org/10.1007/978-3-030-63443-8_13)>.



## 2.3 Toronto and pandemic recovery

We turn now to exploring the specific case of Toronto. Toronto is the largest city by population in Canada, and acts as an anchor at the regional, national, and international scale.<sup>17</sup> As Canada's primary financial centre and as a hub of specialized business activity, Toronto has a strong concentration of high skilled office-based employment – especially in the city's downtown core where nearly four of every 10 jobs in the city are located.<sup>18</sup>

During the height of the pandemic, the City of Toronto declared a State of Emergency that extended for more than two years, longer than most other cities in North America and globally.<sup>19</sup> These conditions mean that Toronto faces a unique set of challenges within the context of the future of work and the impacts on the city.

The onset of the pandemic, and the urgent and sudden shift in workplace activities, raised uncertainty as to whether the shift would be cyclical or structural in nature. Many observers anticipated a return to traditional workplace activities once the public health emergency subsided. However, the duration of the global public health emergency, alongside the declaration of a State of Emergency in the City of Toronto (from March 23, 2020 to May 9, 2022) and the long duration of Covid-19 public health measures in Toronto (and Canada more generally) is understood to have contributed to structural changes in work. This includes a shift away from office-based work norms.

Available data suggests that Toronto's office recovery lags many of its North American counterparts. A recent study by researchers at the University of Toronto's School of Cities provides a comprehensive comparison of downtown recovery in North American cities. Their analysis placed Toronto in 45<sup>th</sup> place (out of 66 cities) and noted that, in October 2023, the city had reached 70 percent recovery of pre-pandemic activity in the downtown core. Nine of Canada's largest cities have recovered more than Toronto. Only Montreal lags behind Toronto.<sup>20</sup>

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<sup>17</sup> Shauna Brail and Tara Vinodrai, 'The Elusive Inclusive City: Toronto at a Crossroads', in *Critical Dialogues of Urban Governance, Development and Activism: London and Toronto*, ed. by Susannah Bunce and others (London: UCL Press, 2020), pp. 38–53 <<https://discovery.ucl.ac.uk/id/eprint/10115557/1/Critical-Dialogues-of-Urban-Governance-Development-and-Activism.pdf>>.

<sup>18</sup> City of Toronto, *Toronto Employment Survey 2023* (Toronto: City of Toronto, January 2024) <<https://www.toronto.ca/wp-content/uploads/2024/01/8f30-CityPlanning-Toronto-Employment-Survey-2023-Bulletin.pdf>>.

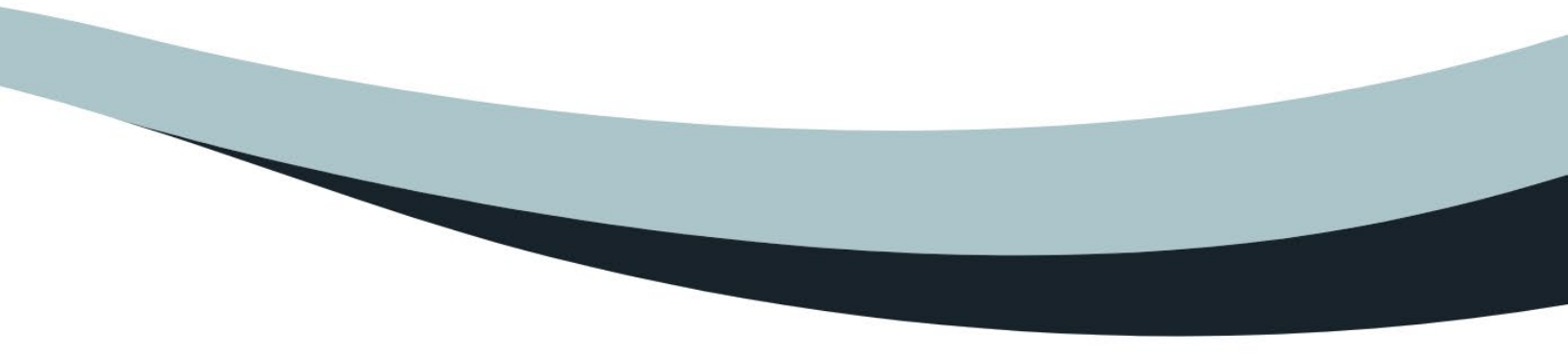
<sup>19</sup> Shauna Brail and Mark Kleinman, 'Impacts and Implications for the Post-COVID City: The Case of Toronto', *Cambridge Journal of Regions, Economy and Society*, 15.3 (2022), 495–513 <<https://doi.org/10.1093/cjres/rsac022>>.

<sup>20</sup> Karen Chapple and others, 'Downtown Recovery', n.d. <<https://downtownrecovery.com/>> [accessed 13 February 2024].





At time of writing, it appears that while most work will not move to become fully remote, Toronto's future includes an urban labour force characterized by hybrid work patterns. This



### 3 People, Productivity and the Future of Work

Changes in patterns of work, precipitated by COVID-19, have come under scrutiny with respect to the impacts on people. In this section, we provide a snapshot of employment and the shift to remote work and then delve into the following two questions:

1. What are the impacts of remote and hybrid work on labour force participation for equity-deserving groups?
2. What are the impacts of remote and hybrid work on productivity?



### 3.1 Employment and the shift to remote work

The pandemic has greatly accelerated the shift to remote and hybrid work. In 2016, 7.1 percent of the Canadian workforce identified that they “usually worked most of the time from home”.<sup>26</sup> However, the proportion of the labour force working from home rose dramatically at the start of the pandemic. Estimates from Statistics Canada’s Labour Force Survey suggest that 41.1% of the employed labour force was working from home in April 2020 (**Figure 1**).<sup>27</sup> Subsequently, as **Figure 1** (below) shows, the proportion of Canadians working remotely has declined considerably from the height of pandemic lockdowns. While the overall pattern has been the slow and steady decline in the proportion of the labour force working primarily from home, there has been an ebb and flow over the course of the past three years. Spikes in the proportion of the labour force working from home align with subsequent waves of the COVID-19 pandemic, the associated closures of schools and the implementation of various advisories and restrictions that encouraged people to stay at home and limit their daily travel.

As of November 2023, Statistics Canada estimates suggest that just under 20% of Canadians were working primarily from home.<sup>28</sup> On the one hand, this represents a large decline relative to levels at the outset of the pandemic. On the other hand, this is still a significant increase in comparison to the period prior to the pandemic.

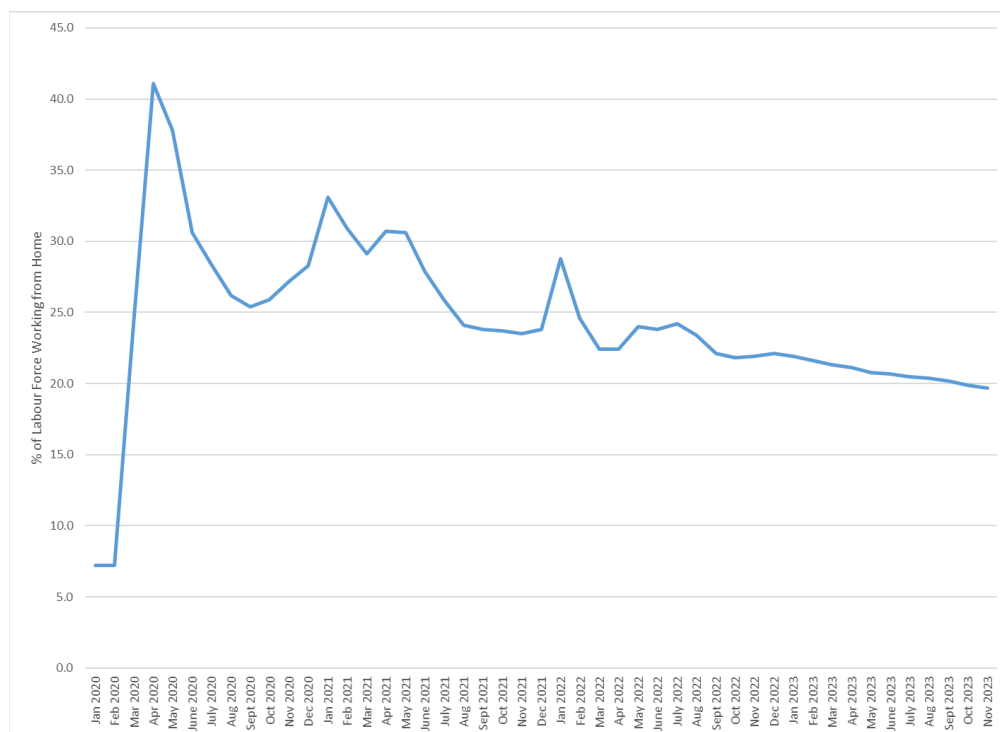
<sup>26</sup> Statistics Canada, ‘The Daily — Working from Home in Canada’, 2024 <<https://www150.statcan.gc.ca/n1/daily-quotidien/240118/dq240118c-eng.htm>> [accessed 3 March 2024].

<sup>27</sup> Statistics Canada, ‘The Daily — Labour Force Survey, December 2020’, 2021 <<http://www150.statcan.gc.ca/n1/daily-quotidien/210108/dq210108a-eng.htm>> [accessed 15 January 2021].

<sup>28</sup> Statistics Canada, ‘The Daily — Working from Home in Canada’.



**Figure 1: Work from home in Canada, January 2020 to November 2023**



Source: Statistics Canada, Labour Force Survey, <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2024001-eng.htm>

Furthermore, there are also shifts from remote-only to more hybrid work arrangements. **Figure 2** (below) compares the proportion of the Canadian labour force working exclusively from home to the proportion of the labour force working in hybrid arrangements. Since January 2022, there has been an increase in the proportion of people working in a hybrid format, and a decrease in the proportion of people working exclusively from home in Canada.

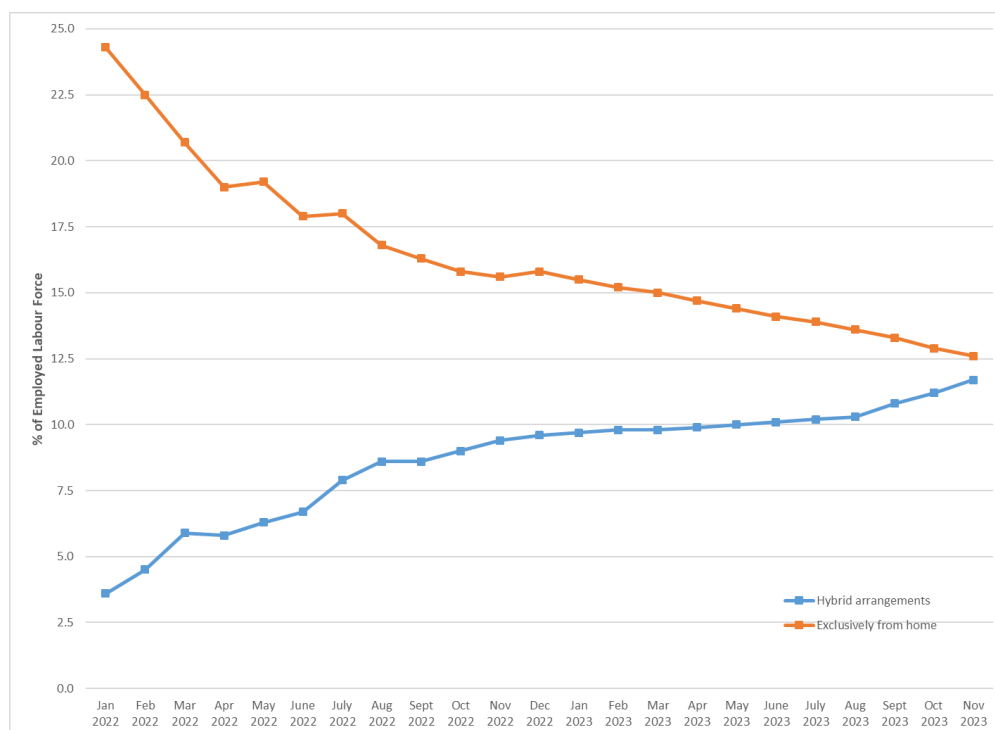
The City of Toronto has also collected data on the prevalence of remote work practices through its annual employment survey. The City's own analysis of the Toronto Employment Survey offers substantial insight into where the shift to remote and hybrid work is having the greatest impact. In 2023, amongst the businesses responding to a subset of questions about work practices, 85.8% reported having no active employees working remotely.<sup>29</sup> Furthermore, the survey indicates that only 10.1% of all establishments in the city have employees working remotely some of the time, compared to 6.8% in 2022, indicating a greater shift towards hybrid work. The

<sup>29</sup> City of Toronto, *Toronto Employment Survey 2023*.



majority of businesses reporting remote work were in the office category (74.0%) and remote work was concentrated amongst employers in the downtown.<sup>30</sup>

**Figure 2: Hybrid vs. exclusive work from home arrangements in Canada, January 2022 to November 2023**



Source: Statistics Canada, Labour Force Survey, <https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2024001-eng.htm>

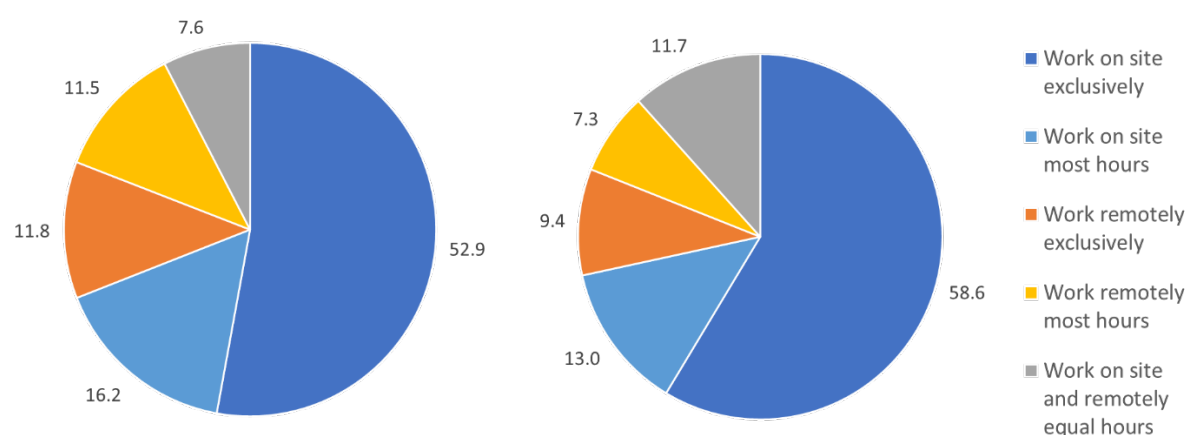
Results for the Toronto CMA from the *Canadian Survey on Business Conditions* corroborate these observations. **Figure 3** (below) examines the expectations of businesses in Toronto with respect to the anticipated location of work and compares the answers to this question in the first quarter of 2022 to the last quarter of 2023. As shown in **Figure 3**, more than two-thirds of all workers are anticipated to work entirely or mostly on site. Moreover, the proportion of the workforce that business expected to work exclusively on site rose from 52.9% in Q1 2022 to 58.6% in Q4 2023. Businesses expected a small – and shrinking – proportion of the workforce to work remotely exclusively, decreasing from 11.8% in Q1 2022 to 9.4% in Q4 2023. Similarly, the proportion of the workforce expected to be involved in hybrid arrangements (including a mix of working on site and remotely) decreased from 36.3% in Q1 2022 to 32.0% in Q3 2023. However,

<sup>30</sup> City of Toronto, *Toronto Employment Survey 2022* (Toronto: City of Toronto, March 2023) <<https://www.toronto.ca/wp-content/uploads/2023/03/8ea6-CityPlanning-Toronto-Employment-Survey-2022-Bulletin.pdf>>.



these aggregate results obscure sectoral and socio-demographic differences, which we explore in-depth in subsequent sections of this report.

**Figure 3: Anticipated location of work in the next three months, Toronto CMA, First Quarter, 2022 vs. Fourth Quarter, 2023**



Left: First Quarter, 2022; Right: Fourth Quarter, 2023

Source: Canadian Survey on Business Conditions [Custom tabulations]

In Toronto, like the experience in other North American cities undergoing a slower than anticipated (and desired) return to the office, there is often a mismatch between employer expectations related to office presence and the willingness of employees to return to the office. According to leading remote work researchers, in places where restrictions were less severe, “people and organizations... experimented less with remote work, made fewer investments in systems and management practices that support remote work, had less learning-by-doing in work-from-home mode, and had smaller shifts in attitudes and norms around remote work.”<sup>31</sup> This explanation suggests the extended duration of pandemic restrictions have likely exacerbated the challenges associated with Toronto’s pace of pandemic recovery. Indeed, throughout our interviews, there was discussion about the factors contributing to Toronto’s challenges in pandemic recovery. As one interviewee suggested:

“Why did we make the workplace so unappealing that we’re having to work so hard to get people to come back to it? What was wrong with us? What were we thinking? Why did we allow it to degrade to the point where people really have virtually no motivation to go? ... Urban life is like a habit... We’ve lost all these habits, and so now we’ve got to try to figure it out. How do you intentionally reintroduce habits? And, how do you make it

<sup>31</sup> Barrero, Bloom, and Davis, p. 36.





so desirable that people will try something and then make it happen? We've got a lot at stake here.”

In other words, the length of Toronto's restrictions may have enabled the formation of new work habits and practices to facilitate and embed a transition towards remote and hybrid work.

### 3.2 The uneven impacts of the shift to remote work

So far, we have presented aggregate data on hybrid and remote work practices. However, not all jobs provide equal propensity for remote and hybrid work arrangements. Following an early pandemic study in the US<sup>32</sup>, a study by Statistics Canada estimated that approximately four of every 10 jobs could be performed from home.<sup>33</sup> Several other studies have examined remote work capacity across Canadian cities and sectors.<sup>34</sup> Collectively, these studies find that there are profoundly uneven patterns in the shift to remote work across industries and occupations, as well as variations between different socio-economic and demographic groups. Indeed, over the course of the pandemic, and in the current period of recovery, the impacts of the shift to remote work have been both uneven and dynamic for people and places.

#### 3.2.1 Industry, occupation, education, and job experience

The ability to work remotely is characterized by unevenness based on sector, occupation, skill level and education. Studies confirm that remote work “creates a new divide between skilled and unskilled workers as the former are mostly able to work from home while the latter are employed in occupations requiring physical presence.”<sup>35</sup> We note the finding that high wage earners, those with a university education, and workers in finance and insurance as well as professional services industries, were more likely to be able to work from home during the height of the pandemic.<sup>36</sup> Conversely, low wage earners, those with a high school degree as the

<sup>32</sup> Jonathan I. Dingel and Brent Neiman, ‘How Many Jobs Can Be Done at Home?’, Working Paper Series (National Bureau of Economic Research, 2020) <<https://doi.org/10.3386/w26948>>.

<sup>33</sup> Statistics Canada Government of Canada, ‘Running the Economy Remotely: Potential for Working from Home during and after COVID-19’, 2020 <<https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00026-eng.htm>> [accessed 16 March 2024].

<sup>34</sup> Government of Canada, ‘Running the Economy Remotely’; T Vinodrai, D. Attema, and M. Moos, *COVID-19 and the Economy: Exploring Potential Vulnerabilities in the Region of Waterloo*. (Report for the Region of Waterloo, 2020); Guillermo Gallacher and Iqbal Hossain, ‘Remote Work and Employment Dynamics under COVID-19: Evidence from Canada’, *Canadian Public Policy*, 46.S1 (2020), S44–54 <<https://doi.org/10.3138/cpp.2020-026>>; Toronto Region Board of Trade, ‘Shaping Our Future: A Playbook for Rebooting and Reimagining the Regional Economy in Ontario’s Innovation Corridor’, 2020 <<https://bot.com/Resources/Resource-Library/Shaping-Our-Future>> [accessed 17 March 2024].

<sup>35</sup> Marco Biagetti and others, ‘The Call of Nature. Three Post-Pandemic Scenarios about Remote Working in Milan’, *Futures*, 157 (2024), p. 4, 103337 <<https://doi.org/10.1016/j.futures.2024.103337>>.

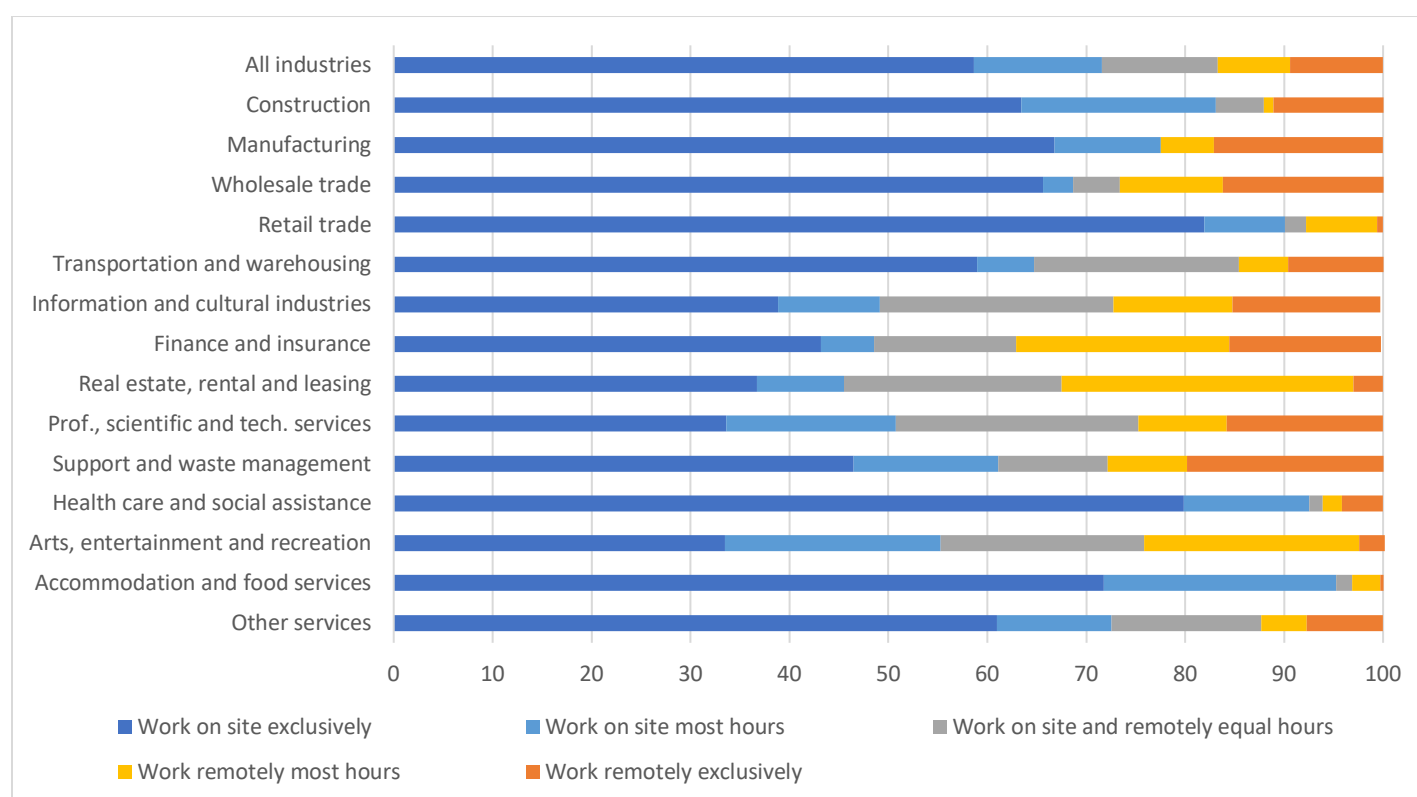
<sup>36</sup> Statistics Canada, ‘Research to Insights: Working from Home in Canada’, 2023 <<https://www150.statcan.gc.ca/n1/pub/11-631-x/11-631-x2024001-eng.htm>> [accessed 3 March 2024].



terminal degree, and construction industry workers were less likely to be able to work from home during the height of the pandemic.<sup>37</sup>

Sectoral differences in both the capacity for and prevalence of remote and hybrid work are well documented in academic and policy studies. **Figure 4** (below) draws on data from the *Canadian Survey on Business Conditions* to highlight industry differences in the anticipated location of work in the Toronto CMA. It illuminates the disparities in business expectations with respect to location of work (and prospects for remote and hybrid work) across sectors.

**Figure 4: Anticipated location of work in the next three months by sector, Toronto CMA, Fourth Quarter, 2023**



Source: Canadian Survey on Business Conditions [Custom tabulations]

**Figure 4** shows that firms in sectors such as health care, accommodation and food services, and retail trade expect the majority of their employees to conduct their work in-person. However, finance and insurance; real estate rental and leasing; professional, technical and scientific services; and information and cultural industries represent sectors where the expectation is that

<sup>37</sup> Statistics Canada, 'Research to Insights'.



less than 40% of employees will work on site exclusively. In these sectors, the data reveal that hybrid arrangements are expected to predominate. Notably, these are all sectors known to be concentrated in the downtown core of the City of Toronto and are critical in anchoring the urban and regional economy.

When examining educational attainment, there is strong evidence related to the relationship between level of education and the availability of remote and hybrid work opportunities. In a US study examining the share of job postings offering hybrid or remote work opportunities, researchers found a positive and increasing relationship between hybrid / remote work and the seniority of a university degree.<sup>38</sup> Furthermore, they found increases in the prospects for hybrid and remote work have more than tripled between 2019 and 2023 for those with an associate, bachelor's or master's degree.

Our own analysis of job posting data from Vicinity Jobs suggests that employment in Toronto follows along these same lines. Across Toronto, 18.8% of job postings between July 1, 2023 and Feb 29, 2024 explicitly included either remote (8.2%) or hybrid (10.6%) work arrangements. Yet, there were significant variations according to the education requirements of the job. As **Figure 5** (below) shows, in Toronto, job postings with no educational requirements, or requiring only the completion of high school, were least likely to have remote or hybrid work arrangements. Less than 5% of postings in each of these two categories included remote or hybrid work options. Job postings requiring an undergraduate degree had the highest propensity for remote and hybrid work opportunities. Notably, almost one-third of all jobs advertised for workers with an undergraduate degree included remote (14.0%) or hybrid (17.5%) work arrangements. For jobs requiring at least a college diploma and above (with the exception of a doctorate), work opportunities for hybrid work exceeded those for entirely remote work.

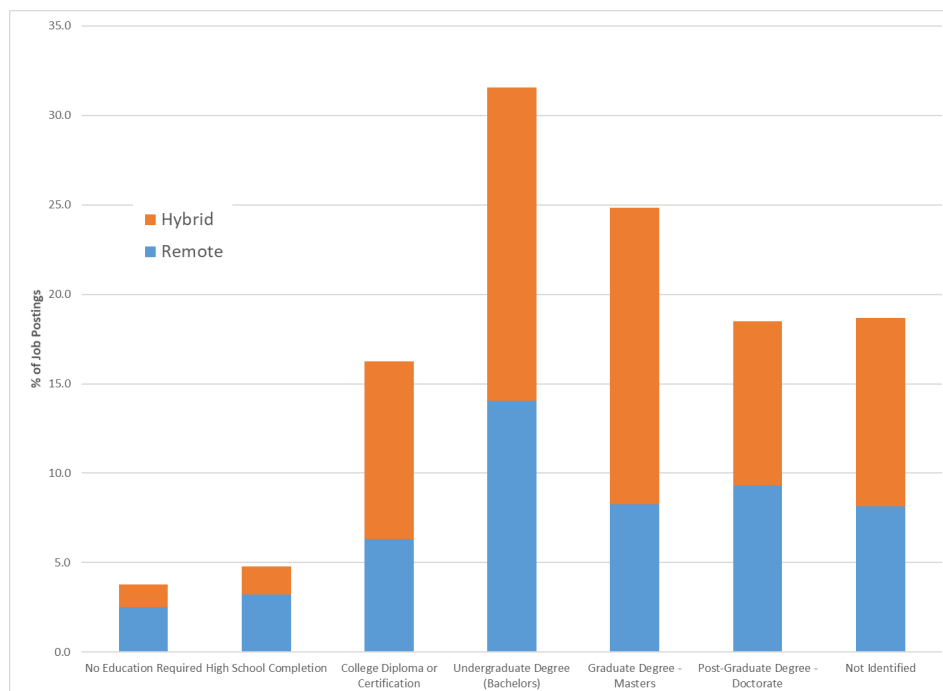
With respect to years of experience, our analysis of job posting data reveals that the availability of remote and hybrid work opportunities in Toronto increases with the amount of experience required for the position until positions reach the most senior levels (**Figure 6**). The greatest proportion of remote and hybrid work opportunities were for jobs requiring between 6 and 10 years of experience (nearly 40% of all postings). In other words, it is only the most junior and most senior positions that have fewer remote and hybrid work opportunities. Once again, there

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<sup>38</sup> Peter John Lambert and others, 'Research: The Growing Inequality of Who Gets to Work from Home', *Harvard Business Review*, 19 December 2023 <<https://hbr.org/2023/12/research-the-growing-inequality-of-who-gets-to-work-from-home>> [accessed 4 January 2024].

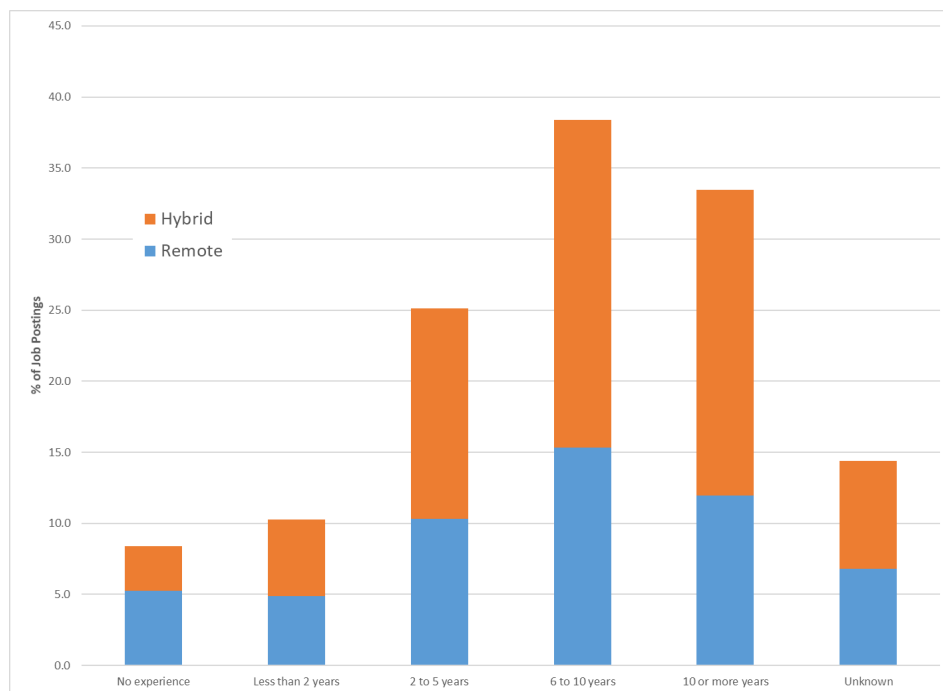


**Figure 5: Remote and hybrid work job postings by educational requirements in Toronto**



Source: Vicinity Jobs Inc. [Authors' calculations]

**Figure 6: Remote and hybrid work job postings by level of experience in Toronto**



Source: Vicinity Jobs Inc. [Authors' calculations]



are more hybrid work opportunities than exclusively remote work listings – illuminating the greater propensity for hybrid work relative to remote work.

Similarly, jobs that pay less are typically less likely to be able to be conducted remotely. Front line, customer-facing positions often fall into these latter two categories. These divides are expected to persist, causing new sources of tension in the workforce.

As one interviewee noted:

“... from a work point of view there are just tremendous equity issues because 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 a service.”

These equity issues become even more visible when we centre our lens on the differential experiences of equity-deserving social and demographic groups.

### 3.2.2 Social and demographic characteristics

Beyond variations based on industry, occupation, education and level of experience, the pandemic and the rise of remote and hybrid work arrangements has had differential impacts on equity-deserving groups. In our discussion, we highlight how the shift to remote and hybrid work arrangements confers both benefits and challenges to those individuals.

In considering who is able or not able to participate in remote or hybrid work, we need not look further than to the highly uneven experiences of workers at the outset of the pandemic. It is now well documented that front-line workers in healthcare settings and workers in industries or sectors that were deemed essential were most exposed to the economic and health risks associated with the COVID-19 pandemic.<sup>39</sup> Additionally, evidence shows that immigrant and racialized individuals were disproportionately affected by the pandemic.<sup>40</sup> In the early phases of the pandemic, job losses were exacerbated for women, youth, racial minorities, and for those working in sectors such as retail and food and accommodation services in which lengthy business closures persisted.<sup>41</sup> Indeed, in Canada, the transmission of COVID-19 among female

<sup>39</sup> Nichola Lowe and Tara Vinodrai, ‘Reimagining Work? COVID-19 and the Impacts on Employment in Canada and the United States’, in *Living with Pandemics*, ed. by John R. Bryson and others (Edward Elgar Publishing, 2021) <<https://doi.org/10.4337/9781800373594.00033>>.

<sup>40</sup> Andrea Rishworth and others, ‘Landscapes of Inequities, Structural Racism, and Disease during the COVID-19 Pandemic: Experiences of Immigrant and Racialized Populations in Canada’, *Health & Place*, 87 (2024), 103214 <<https://doi.org/10.1016/j.healthplace.2024.103214>>.

<sup>41</sup> Statistics Canada, ‘Research to Insights’; Lowe and Vinodrai.



healthcare workers also demonstrated the challenge of being unable to work remotely. Moreover, many healthcare workers who tested positive for COVID-19 were immigrants often arriving as paid caregivers and transitioning to become personal support workers.<sup>42</sup> Their precarious job conditions and lack of sick leave further exacerbated the situation— highlighting equity issues with respect to who gets to work remotely and who does not.

Gender differences were especially apparent at the outset of the pandemic. With reference to a ‘she-cession’ – a recession that disproportionately affected women – unemployment rates between men and women in Toronto diverged substantially in the early months of the pandemic: employment rates for women were far slower to recover those for men.<sup>43</sup> In part, women are more likely to be employed in sectors that experienced higher unemployment due to temporary business closures – including physical retail, food services and accommodation. Furthermore, early in the pandemic, the responsibility for providing care (for example, to small children and aging parents) fell disproportionately to women, leading to additional pressures at work and reduced labour force participation.<sup>44</sup> Toronto (alongside the rest of Ontario) endured some of the longest school closures in the world, contributing further to uneven workforce impacts.

While many equity-deserving groups faced challenges in the labour market, this was not uniformly the case. For example, a study on remote work and workers with disabilities, noted that, in 2019, individuals with disabilities had an employment rate of 38.8%, compared to 78.6% for those without disabilities. In 2021, employment rates increased for people with disabilities (40.7%) but decreased for those without disabilities (76.6%), suggesting that the shift to remote and hybrid work made labour force participation more possible for individuals in this group.<sup>45</sup>

Concurrent with the shift to hybrid and remote work are the rising challenges associated with isolation and loneliness. Even prior to pandemic, there have been concerns with growing levels of loneliness and solitude in cities.<sup>46</sup> Moreover, these social impacts – correlated with WFH, stay

<sup>42</sup> Amina Zafar, ‘COVID-19 Has Taken “heavy Toll” on Female Immigrants Working in Health Care, Report Says | CBC News’, *CBC*, 10 September 2020 <<https://www.cbc.ca/news/health/female-immigrants-covid-19-protection-1.5717465>> [accessed 4 March 2024].

<sup>43</sup> ‘Work – Toronto After the First Wave’ <<https://torontoafterthefirstwave.com/dashboards/work/>> [accessed 20 February 2021].

<sup>44</sup> Stephanie Nolen, ‘When COVID-19 Created a Crisis of Care, Working Mothers Bore the Burden’, *Toronto Star*, 2021 <[https://www.thestar.com/interactives/when-covid-19-created-a-crisis-of-care-working-mothers-bore-the-burden/article\\_5cec5c7e-0fa5-11ee-af05-0b271fcad107.html](https://www.thestar.com/interactives/when-covid-19-created-a-crisis-of-care-working-mothers-bore-the-burden/article_5cec5c7e-0fa5-11ee-af05-0b271fcad107.html)> [accessed 10 March 2024].

<sup>45</sup> Jennifer D. Brooks and Sarah von Schrader, ‘An Accommodation for Whom? Has the COVID-19 Pandemic Changed the Landscape of Flexible and Remote Work for Workers with Disabilities?’, *Employee Responsibilities and Rights Journal*, 2023 <<https://doi.org/10.1007/s10672-023-09472-3>>.

<sup>46</sup> Chiara Burlina and Andres Rodriguez-Pose, ‘Alone and Lonely. The Economic Cost of Solitude for Regions in Europe’, *Environment and Planning A: Economy and Space*, 55.8 (2023), 2067–87





at home orders and the rise of remote and hybrid work arrangements have likewise had uneven impacts affecting especially youth and older adults. Studies demonstrate that those residing in disadvantaged neighbourhoods, who are themselves often marginalized, have greater experiences of loneliness.<sup>47</sup> Indeed, a recent study found that Toronto had the highest proportion of people reporting loneliness compared to other Canadian cities and this experience was heightened for some socio-demographic groups, including newcomers<sup>48</sup>. In response, some organizations have advocated for the use of placemaking to ensure that cities can address issues of loneliness and other mental health challenges, exacerbated by WFH practices.

Beyond the immediate impacts of the pandemic and given the growing consensus that hybrid and remote work arrangements have demonstrated staying power, it is important to consider the longer-term differential impacts and their implications for equity-deserving groups. Certainly, remote work can exacerbate biases in work environments. Research has shown that remote work can lead to wage penalties, fewer promotions and intersectional disadvantages based on race, gender and caregiver status.<sup>49</sup> Data also show disparities in income and racial demographics among telecommuting workers, with potential biases in access based on occupational groups.<sup>50</sup>

Yet, at the same time, the impacts of hybrid and remote work remain uncertain and the implications for women, racialized workers, and other vulnerable groups are not uniform and therefore require careful thinking. Indeed, remote and hybrid work arrangements can also offer a range of benefits to workers. These arrangements create the possibility for improved work-life balance. As one interviewee noted, “For certain groups of people, working remotely is really important to balancing all the other kinds of care and life responsibilities that they hold.” For example, remote and hybrid work arrangements reduce time spent commuting, which frees up time for people to engage in other activities outside of work. In addition, such arrangements provide greater flexibility to workers who juggle multiple responsibilities such as childcare or eldercare.

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<<https://doi.org/10.1177/0308518X231169286>>; Ryan Hammoud and others, ‘Lonely in a Crowd: Investigating the Association between Overcrowding and Loneliness Using Smartphone Technologies’, *Scientific Reports*, 11.1 (2021), 24134 <<https://doi.org/10.1038/s41598-021-03398-2>>.

<sup>47</sup> Tara Jamalishahni and others, ‘Contribution of the Built Environment to Inequity in Loneliness by Neighbourhood Disadvantage in Australia’, *Cities & Health*, 6.6 (2022), 1067–80 <<https://doi.org/10.1080/23748834.2022.2145733>>.

<sup>48</sup> Toronto Foundation, *The Power Of Us* (Toronto, Canada: Toronto Foundation, 2023) <<https://torontofoundation.ca/powerofus/>> [accessed 12 April 2024].

<sup>49</sup> Carmina Ravanera, Kim de Laat, and Sarah Kaplan, ‘The Future of Work: Will Remote Work Help or Hinder the Pursuit of Equality?’, *Gender and the Economy*, 2022 <<https://www.gendereconomy.org/the-future-of-work/>> [accessed 4 March 2024].

<sup>50</sup> Ravanera, de Laat, and Kaplan.



Research demonstrates the benefits of the potential for remote and hybrid work to improve quality of life by offering an opportunity for engagement in work concomitant with the ability to care for school-aged children. The flexibility of hybrid and remote work enables parents to spend more time with school-aged children and may ease the burden of working parents in daily activities such as taking children to school, daycare or appointments.<sup>51</sup>

Elsewhere, research shows that remote and hybrid work arrangements can enable greater workplace inclusion for people with disabilities.<sup>52</sup> Several of our interviewees noted the growing ability to work in hybrid and remote work arrangements improves the possibilities for labour force participation amongst some groups of workers, including those with disabilities. As one interviewee stated,

“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...”

In other cases, our interviewees pointed to ways in which workforce service providers were instrumental in helping those in equity-deserving groups overcome the barriers introduced by remote and hybrid work. For example, as one interviewee suggested, newcomers benefit from both remote and hybrid work opportunities, as long as there is an opportunity to learn about workplace norms, for instance through remote relationship-building programs, remote and in-person workplace activities designed with intention, and other opportunities that encourage workplace knowledge building. The shift to hybrid and remote forms of work led to the development and uptake of online training programs for newcomers that did not exist previously. As one interviewee describes:

“We’ve had a really successful program around career progression for newcomers, [by] working with managers to specifically identify what newcomers need to know very specifically about how to navigate that workplace, ... [including] remote work and those kind of hidden contextual cultural cues.”

Building on the observation that there are both risks and rewards in the shift to remote and hybrid work arrangements, another of our interviewees noted,

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<sup>51</sup> Bloom, Han, and Liang.

<sup>52</sup> Carey Curtis, ‘Employer Perspectives on Working from Home: How COVID-19 Is Changing the Patterns and Flows in Metropolitan Perth’, *Urban Policy and Research*, 41.4 (2023), 355–67  
<<https://doi.org/10.1080/08111146.2023.2276459>>.



“Young people, and maybe people for whom 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. 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.”

In other words, much of how equity-deserving groups experience the shift to hybrid and remote work practices in the workplace will depend on how employers respond to these challenges and how the policy environment supports or enables this transition for employers and employees.

### 3.2.3 Regional differences

Finally, while the impacts of remote and hybrid work arrangements vary across different socio-economic and demographic groups, these differences are also expressed spatially. These variations reflect an underlying geography of jobs and patterns of economic activity across the Toronto region. **Figure 7** (below) shows the proportion of job postings from July 1, 2023 to February 29, 2024 that are remote or hybrid in nature across a number of urban centres in Ontario. Notably, the availability of both remote and hybrid positions is much higher in Toronto than other places in the province, including the surrounding municipalities in the Toronto region.

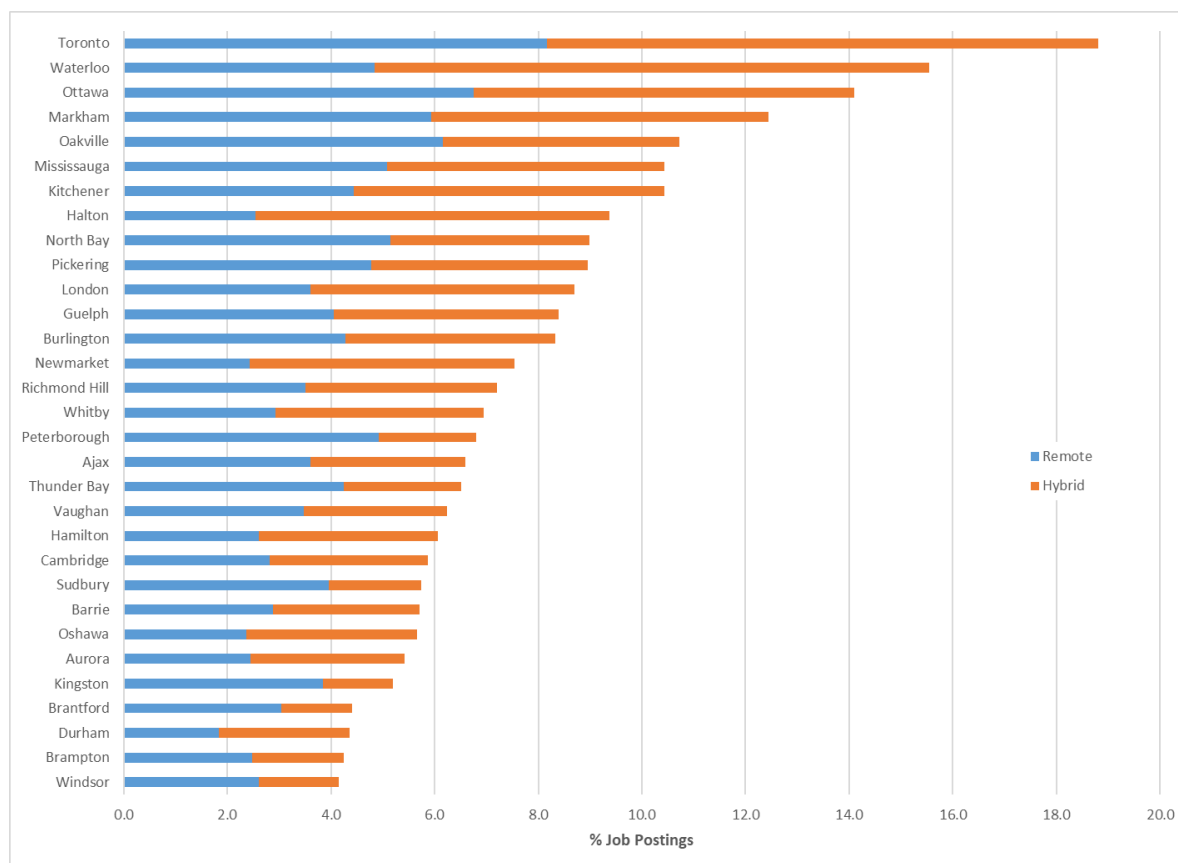
As **Figure 7** shows, many of the Toronto region's suburban nodes and edge cities have substantially lower demand for remote and hybrid work. Brampton is particularly notable as it was a known hot spot for COVID-19 cases early in the pandemic. While many workers stayed home, warehouses and delivery services were operating at unusually high levels due to increased demand. And, building on our earlier observations about the uneven and intersectional impact of the shift to remote and hybrid work, employees in these specific locations are “often racialized, new immigrants, primarily of South Asian descent, along with other younger workers (including international students) with precarious work status”.<sup>53</sup>

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<sup>53</sup> Vinodrai.



**Figure 7: Remote and hybrid job postings by location in Ontario, July 2023 to February 2024**



Source: Vicinity Jobs Inc. [Authors' calculations]

This geography of jobs in the region requires attention, particularly when considering how to address the uneven impacts of the shift to remote and hybrid work. As one of our interviewees noted:

“We can’t put blanket policy recommendations across the whole region, there are different contexts ... there are complexities and nuances to these things... We have to understand not just the role of downtown, but the role of downtown in the context of the region, and then thinking of different parts of the region in its own context.”

### 3.3 Remote work and the productivity puzzle

Researchers, policymakers and business leaders have also been concerned about the impact of the shift to hybrid and remote work on productivity. This concern is perhaps especially acute in the Canadian context, where productivity is known to be a substantial issue for the



competitiveness of Canadian businesses.<sup>54</sup> Indeed, there are a large number of factors that influence productivity, including rates of technology adoption, business and government investment in research and development, the tax and regulatory environment, the local business climate, a milieu or culture of innovation, the availability of skilled labour, and the presence and quality of hard and soft infrastructure to name a few.<sup>55</sup> In this broader picture, the impact of the shift to remote and hybrid work on aggregate productivity might be quite negligible.

However, at the firm and individual level, research has revealed mixed evidence on the influence of remote and hybrid work arrangements on productivity. For example, in a survey of twenty businesses in Perth, Australia, researchers found that WFH practices had no impact on productivity.<sup>56</sup> In a recent study, US researchers found that fully remote work led to a 10% productivity loss compared to fully in-person work, whereas hybrid work had no impact on productivity.<sup>57</sup> And, a recent study by Statistics Canada notes that the “productivity effects of working from home will likely vary across firms, sectors of the economy and types of work arrangements (hybrid work arrangements versus exclusive telework)”.<sup>58</sup>

As one of our interviewees noted,

“Based on the research that's out there, it's either positive or there's a negligible impact on productivity. But again, those studies are often done based on specific settings. ... And so, whether or not those still apply to other sectors [is unclear] ... More generally, it's about the more micro questions on productivity, like, how can firms be more productive? ... And how can you enable the right kind of policies where workers are ... working together or [individually] in the office and outside as well.”

Indeed, our review of existing studies finds that the productivity effects are unclear and highly context specific. Moreover, there are clear differences in perspectives between employers and employees. For example, a US study found that employees report self-assessed productivity

<sup>54</sup> Canadian Chamber of Commerce, ‘Policy Matters: Canada’s Productivity Problem’, *Canadian Chamber of Commerce*, 2024 <<https://chamber.ca/policy-matters-canadas-productivity-problem/>> [accessed 17 March 2024]; Murad Hemmadi, ‘Dan Breznitz’s Innovation Prescription: Canada Must Forge Its Own Economic Path’, *The Logic*, 2023 <<https://thelogic.co/news/the-interview/dan-breznitzs-innovation-prescription-canada-must-forge-its-own-economic-path/>> [accessed 17 March 2024].

<sup>55</sup> Richard Shearmur and David Doloreux, *Handbook on the Geographies of Innovation* (Edward Elgar Publishing, 2016) <<https://www.e-elgar.com/shop/gbp/handbook-on-the-geographies-of-innovation-9781784710767.html>> [accessed 12 April 2024]; Jan Fagerberg and Mowery, *The Oxford Handbook of Innovation* (Oxford University Press, 2006) <<https://doi.org/10.1093/oxfordhb/9780199286805.001.0001>>.

<sup>56</sup> Curtis.

<sup>57</sup> José María Barrero, Bloom, and Davis.

<sup>58</sup> Statistics Canada, ‘Research to Insights’.



gains through working from home.<sup>59</sup> Similarly, a recent Statistics Canada study found that the majority of new Canadian teleworkers (90%) report accomplishing as much per hour at home compared to the office.<sup>60</sup> Researchers also point to potential productivity gains realized through simplifying trips and routines for those with caregiving or other familial responsibilities, as well as through time saved by not commuting.<sup>61</sup> However, the same study found that managers were more likely to predict negative productivity impacts than non-managers, who predicted positive impacts on productivity.<sup>62</sup> Indeed, while studies highlight some of the potential cost savings realized by the shift to hybrid work, such as on real estate, they also highlight that employers are concerned about losses and challenges related to mentorship, employee on-boarding and organizational culture.

Remote and hybrid work practices continue to evolve rapidly as enabling technologies improve and as firms learn what works in their context and adapt their organizational practices accordingly. As one of our interviewees highlighted, firms that adopt talent-driven strategies are likely to be more successful in adapting to a hybrid work reality:

“We’re really seeing that the employers that are more creative around how to engage their workforce and not just where work gets done...they’re really winning the talent wars.”

Certainly, the shift to remote and hybrid work practices is not without risks. Given the strong link between productivity performance and innovation, questions related to innovation also loom large in this discussion. Scholars are very clear that innovation benefits greatly from both agglomeration (or localization) economies and urbanization economies. Agglomeration effects are realized through the concentration or clustering of related economic activities. In contrast, urbanization economies, or what planners understand as the benefits of cities described by Jane Jacobs, refers to access and exposure to a range of ideas due to the size, scale and diversity of activities in cities.<sup>63</sup> In other words, benefits accrue when firms (and workers) are in close proximity to one another. This is because innovation often relies on face-to-face interactions that allow for the exchange of information and knowledge, as well as more spontaneous,

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<sup>59</sup> Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis, ‘Why Working from Home Will Stick’, Working Paper Series (National Bureau of Economic Research, 2021) <<https://doi.org/10.3386/w28731>>.

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<sup>61</sup> Bloom, Han, and Liang.

<sup>62</sup> Bloom, Han, and Liang.

<sup>63</sup> Catherine Beaudry and Andrea Schiffauerova, ‘Who’s Right, Marshall or Jacobs? The Localization versus Urbanization Debate’, *Research Policy*, 38.2 (2009), 318–37 <<https://doi.org/10.1016/j.respol.2008.11.010>>; Jane Jacobs, *The Death and Life of Great American Cities*, 2002 ed. (New York: Random House, 2002).



unexpected and unplanned interactions that may spark creativity.<sup>64</sup> In these cases, an office environment provides one of the potential structures to facilitate this type of interaction. As one interviewee noted,

“We didn't have office space for the first little bit, and it really hurt our ability to work as a team, and to be able to really push any big strategic or creative ideas forward. This idea that office spaces going away, or it's not going to exist, or people don't need to work in a collaborative environment together - I think that maybe was a little bit of a knee jerk reaction.”

Another interviewee commented on the impact on their decision-making capacity, “... because decision-making is so central to many of our projects, it's that piece, that collaborative piece that is really absent when people aren't in-person.”

Reflecting on the challenges that Toronto might face because of the shift to remote and hybrid practices, one of our interviewees noted,

“[It's] the value of proximity, the value that individual companies place on proximity. Somehow, it feels like it's different than in Toronto. It's almost like that culture of the innovative milieu isn't quite launched in Toronto.”

Overall, the shift to remote and hybrid work practices appears to be becoming a more widespread norm. Furthermore, the evidence suggests that the benefits from the shift to remote and hybrid work arrangements are accruing unevenly across the labour force conferring both advantages and disadvantages to individuals and equity-deserving groups. Similarly, firms and organizations have not uniformly realized potential productivity and innovation gains or deficits. However, beyond the impact on people and firms, there are aggregate impacts of the shift to remote and hybrid work arrangements realized at the city-scale. The report now shifts to questions related to the vibrancy of cities.

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<sup>64</sup> Michael Storper and Anthony J. Venables, ‘Buzz: Face-to-Face Contact and the Urban Economy’, *Journal of Economic Geography*, 4.4 (2004), 351–70 <<https://doi.org/10.1093/jnlecg/lbh027>>; Meric S. Gertler, ‘Tacit Knowledge and the Economic Geography of Context, or The Undefinable Tacitness of Being (There)’, *Journal of Economic Geography*, 3.1 (2003), 75–99 <<https://doi.org/10.1093/jeg/3.1.75>>.





## 4. URBAN VIBRANCY AND THE BUILT ENVIRONMENT



## 4 Urban Vibrancy and the Built Environment

The impact of COVID-19 and the shift to remote work poses challenges for urban vibrancy and raises difficult questions about the future of the built environment. In this section, we explore the following two questions:

1. What are the impacts of remote and hybrid work on the urban built environment, including transportation, real estate, and downtown vibrancy?
2. Can (and should) office buildings and downtown spaces be reimagined and repurposed?

The shift to remote work in the pandemic's earliest days highlighted the challenges of a CBD comprising mainly offices and office workers. With office activity dropping immediately by more than 90 percent in some downtown office buildings<sup>65</sup>, Toronto's downtown was eerily empty. Today, data largely confirms that downtowns, like Toronto's, have experienced an untethering of office workers from offices.<sup>66</sup> The combination of the city's economic foundations, the duration of the state of emergency and associated closures, and reliance on transit for commuting to the downtown core, contribute to the exacerbation and now the apparent embeddedness of remote and hybrid work practices. As one interviewee succinctly summarizes: "Return to the office is not happening. The world has changed forever."

Early responses by policymakers and business leaders in Toronto related to the impacts of the pandemic on the downtown emphasized the need to preserve downtown office activity and focused on promoting a return to in-office work.<sup>67</sup> For quite some time, there was an assumption in Toronto that workers would fully return to traditional in-office activities as the pandemic subsided and the city recovered. Based on our research, there appears to be consensus that hybrid work is here to stay for the foreseeable future and that there is a need to plan for change in the downtown, the rest of the city, and the region.

<sup>65</sup> 'Occupancy Index — COVID', *SRRA*, 2024 <<http://srraresearch.org/covid/category/Occupancy+Index>> [accessed 16 March 2024].

<sup>66</sup> Richard Florida, Andrés Rodríguez-Pose, and Michael Storper, 'Critical Commentary: Cities in a Post-COVID World', *Urban Studies*, 60.8 (2023), 1509–31 <<https://doi.org/10.1177/00420980211018072>>.

<sup>67</sup> David Rider, 'Toronto Sets January Date for City Workers to Return to the Office, amid Rising COVID-19 Cases, Omicron Uncertainty', *Toronto Star*, 30 November 2021 <[https://www.thestar.com/news/gta/city-hall/toronto-sets-january-date-for-city-workers-to-return-to-the-office-amid-rising-covid/article\\_30603145-518b-506f-bc5d-8d0fb553c3cd.html](https://www.thestar.com/news/gta/city-hall/toronto-sets-january-date-for-city-workers-to-return-to-the-office-amid-rising-covid/article_30603145-518b-506f-bc5d-8d0fb553c3cd.html)> [accessed 17 March 2024].



## 4.1 Downtown vibrancy

Toronto's downtown has struggled to recover to pre-pandemic levels of activity. There is also an unevenness with respect to recovery connected specifically to office employment. Given the conditions described thus far in this report, one interviewee summarizes the current office challenge as follows: "If you can work from anywhere, why would you bother going to the office?" Hybrid work, while frequently desirable from an employee perspective, poses serious challenges to urban vibrancy.

The shift to hybrid work presents a substantial conundrum for business and civic leaders, especially given the economic importance of Toronto's downtown to the urban, regional and national economy. We provide evidence on several dimensions related to urban vibrancy and the state of recovery in Toronto, including of downtown activity and office occupancy, transit use, and real estate vacancies. We also discuss Toronto's downtown recovery within its broader regional context.

### 4.1.1 Downtown recovery and office occupancy

One of the most comprehensive efforts to study downtown recovery in Toronto and other major North American cities can be found in the work by the School of Cities at the University of Toronto (see **Figure 8** below). Using cell phone data, the Downtown Recovery Project tracks the level of activity in North American downtowns. Their downtown recovery index highlights that Toronto's recovery and return to the downtown has been slow compared to other jurisdictions. As noted previously in this report, Toronto is ranked 45<sup>th</sup> of 66 North American cities. As of October 2023, Toronto had reached a 70 percent recovery rate compared to levels of pre-pandemic activity in the downtown core.<sup>68</sup>

Our interviewees also observe the struggles faced by downtown,

"Some of our clients in Toronto have said they don't need an office. They're giving up their offices. Others have said, we'll have a hub and spoke model. That would be the banks and governments, and others have said, we'll just have a downtown location. Everybody else can be remote the rest of the time."

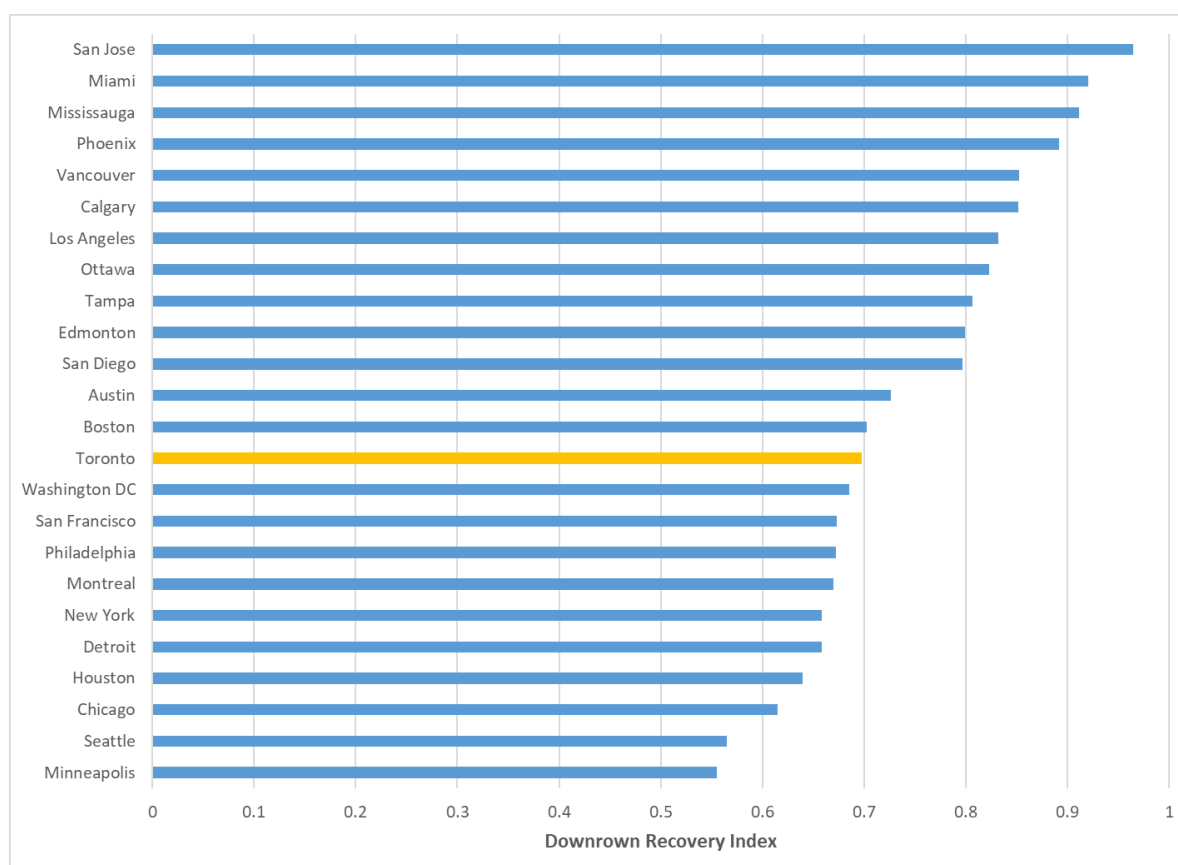
"There are some factors that pull people back into occupying office space, and there are many factors that propel them from coming back into the office. How do we net that out as a positive? Because there's genuinely a risk here of the urban core being quite profoundly, negatively impacted."

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<sup>68</sup> Chapple and others.



**Figure 8: Downtown recovery index for select North American cities, October 2023**



Source: Downtown Recovery Project, School of Cities, University of Toronto

We can also triangulate downtown recovery data with a range of other data sources. In doing so, we further emphasize recovery weaknesses in downtown Toronto. For example, the Strategic Regional Research Alliance (SRRA) produces an estimate of office occupancy based on a monthly survey of a select number of downtown buildings. SRRA's Office Occupancy Index is a "measure of the percentage of office employees returning to the office compared to the number of employees who would normally have come to their offices pre-COVID."<sup>69</sup>

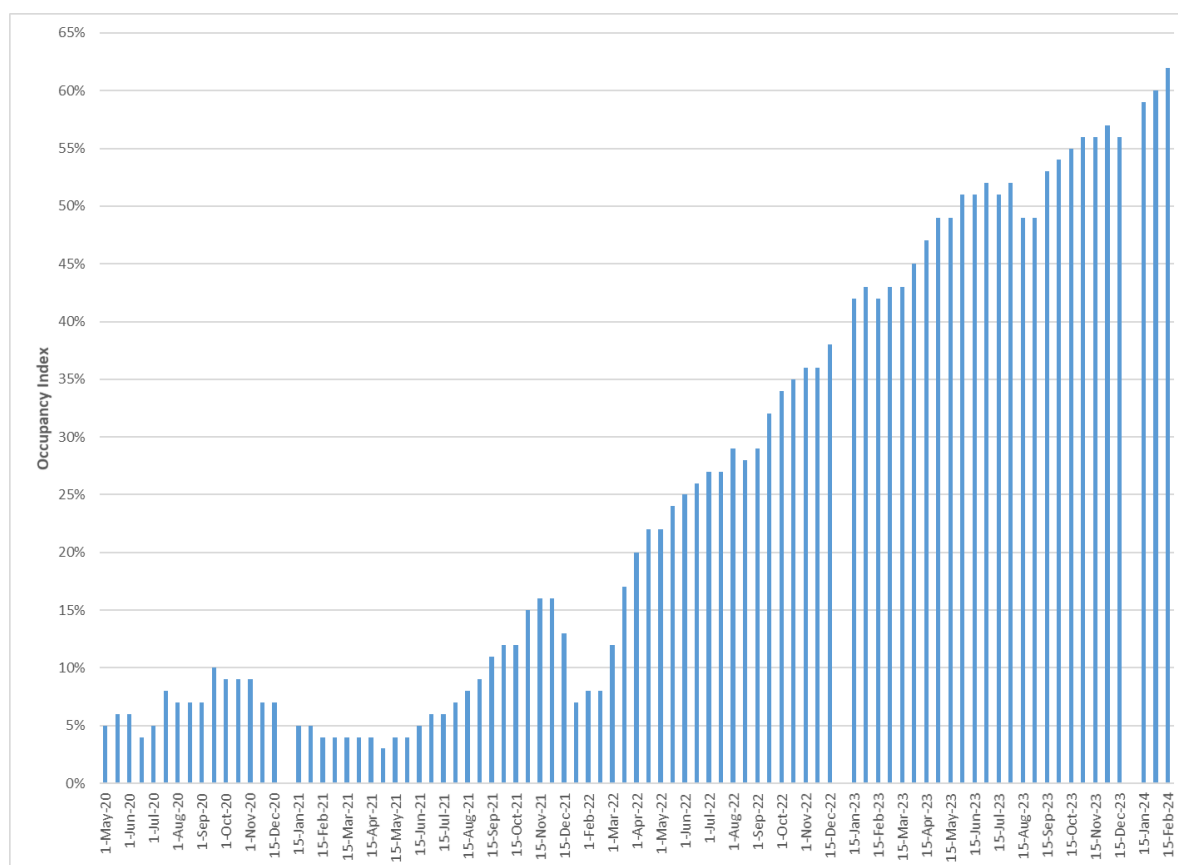
**Figure 9** (below) shows changes in the Office Occupancy Index beginning in May 2020 and continuing to February 2024. It provides further evidence of the reluctant return to the office suggesting the preponderance of remote and hybrid work in Toronto. These data highlight a gradual and slow recovery to pre-pandemic office occupancy levels. It also demonstrates that

<sup>69</sup> 'Occupancy Index — COVID'.



state of the return to office is not static and continues to evolve as the proportion of workers attending the office continues to increase, albeit incrementally.

**Figure 9: Office occupancy index in Toronto, May 2020 to February 2024**



Source: Strategic Regional Research Alliance

As of mid-February 2024, office occupancy was estimated to be 62% of pre-pandemic levels, with substantial variation between the peak day (72%) and the lowest day (38%). The differences between the peak day (Wednesday) and the lowest day (Friday) are a strong indication of the growing embeddedness of hybrid work arrangements.

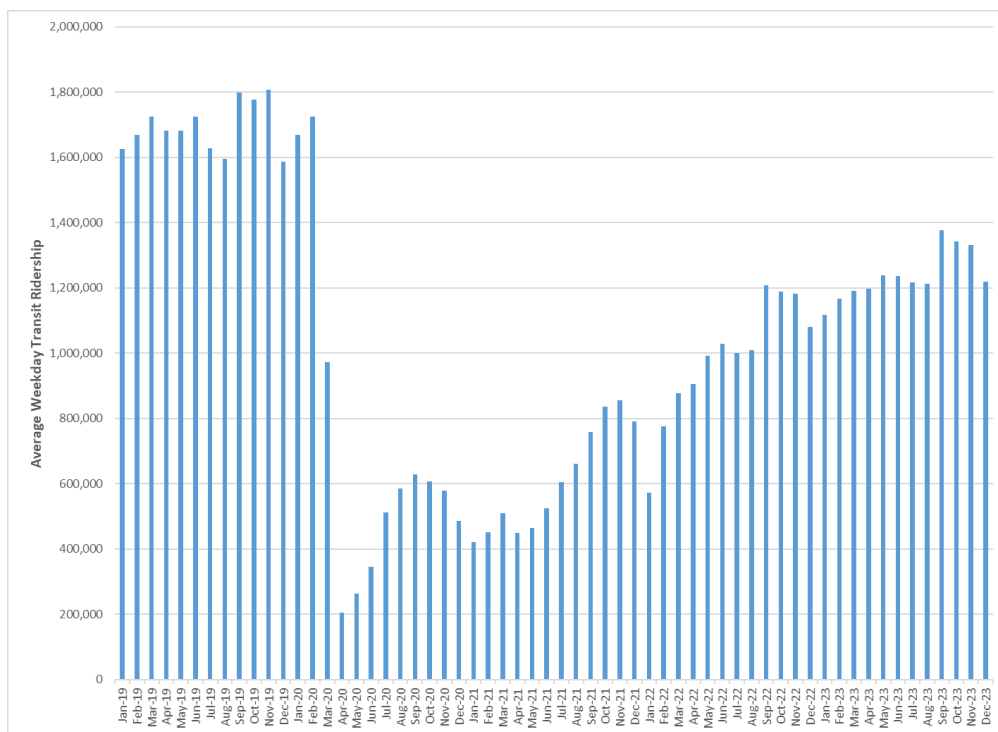
#### 4.1.2 Transit use

At the outset of the pandemic, the widespread use of stay-at-home orders and social distancing meant that fewer people were commuting to work or making other trips via transit. **Figure 10** (below) shows that average weekday ridership on the TTC dropped substantially at the outset of the pandemic and has generally increased since that time, with fluctuations reflecting the



multiple waves of the pandemic and the addition and lifting of various restrictions. However, transit use has yet to recover to pre-pandemic levels. The TTC has reported that transit ridership reached 77% of pre-COVID ridership levels as of October 2023.<sup>70</sup>

**Figure 10: Average weekday TTC ridership, January 2019 to December 2023**



Source: Toronto Transit Commission, <https://www.toronto.ca/city-government/data-research-maps/toronto-dashboard/>

The impacts of hybrid and remote work in Toronto are also visible in the analysis of transit ridership data. According to the TTC, data indicates that ridership frequency remains significantly depressed, with commuter recovery (those who take transit at least 4 days per week) at only 62% of pre-pandemic levels. The TTC also indicates that the number of unique riders has exceeded pre-pandemic ridership, having reached 116% of March 2020 levels. Furthermore, TTC provides figures on ridership recovery, indicating that while weekend ridership is at 88% of pre-COVID levels, weekday ridership has recovered to approximately 76% of pre-COVID levels, noting that Tuesdays, Wednesdays and Thursdays are the days with the

<sup>70</sup> Toronto Transit Commission, 'CEO Report December 2023', 2023 <[https://cdn.ttc.ca/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2023/December-7/2\\_CEO\\_Report\\_December\\_2023.pdf?rev=b1a106e2d3d34a4c9313d3d29f5d6654&hash=E3721DB997FA6CFB6F67E63E5675CC93](https://cdn.ttc.ca/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Board/2023/December-7/2_CEO_Report_December_2023.pdf?rev=b1a106e2d3d34a4c9313d3d29f5d6654&hash=E3721DB997FA6CFB6F67E63E5675CC93)> [accessed 17 March 2024].



highest ridership activity.<sup>71</sup> These data again point to the rising prominence of hybrid work arrangements.

The relationship between hybrid work, transit recovery, and urban vibrancy as it relates to transit recovery was highlighted by one of our interviewees as follows:

“The difference that you see on Monday and Fridays is considerable compared to, you know Wednesday, for example, or Tuesday. They’re significant numbers. You see that on the TTC. You see that on the roads. You see that on pedestrian traffic that I am sure has an impact on all the small businesses.”

Another consideration regarding transit relates to service levels. Transit researchers and advocates suggest that high frequency service is important for attracting riders. However, when transit ridership declined during the pandemic, transit agencies (including the TTC) reduced service frequency to match drastically reduced ridership levels and to manage budgets. However, interviewees also point out that to accommodate for flexible working patterns, including hybrid work and other shifts in work habits, more frequent transit service is required to serve flexible workers.

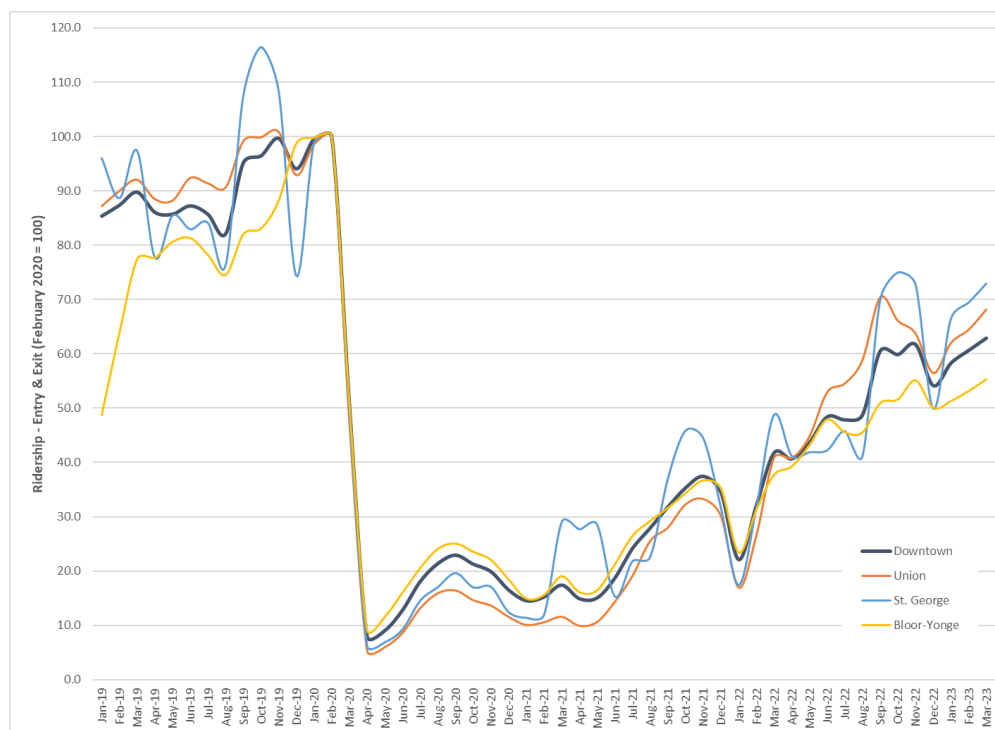
**Figure 11** (below) delves more deeply into transit data, providing further evidence of the challenges related to pandemic recovery in Toronto. These data explore entry and exit at select downtown TTC subway stations, which represent important transfer nodes within the transit system. Like the trends observed in our other data, there is a steep decline in ridership at the outset of the pandemic, followed by a slow and steady increase in ridership that attenuates with subsequent waves of the pandemic.

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<sup>71</sup> Toronto Transit Commission.



**Figure 11: Entry and exit at select downtown TTC subway stations, 2019 to 2023**



*Note: Data indexed to February 2020; Downtown stations include Bloor-Yonge, Wellesley, College, Dundas, Queen, King, Union, St. Andrew, Osgoode, St. Patrick, Queen's Park, Museum, St George*

*Source: Toronto Transit Commission. Data courtesy of the City of Toronto*

Amongst these select stations, St. George (the station closest to the University of Toronto) has the highest level of entries and exits. Notably, ridership at this station generally recovered sooner and at higher levels, likely due to the return to in-person university activities. Although, here too, ridership still has not reached pre-pandemic levels. By comparison, Bloor-Yonge has the fewest number of people transiting through the station. Union Station, which acts as a transfer point for commuters and visitors travelling to Toronto by rail and located in the heart of the city's financial district, has also not fully recovered. Again, these data reinforce the uneven recovery of the transit system and highlight another challenge to Toronto's urban vibrancy.

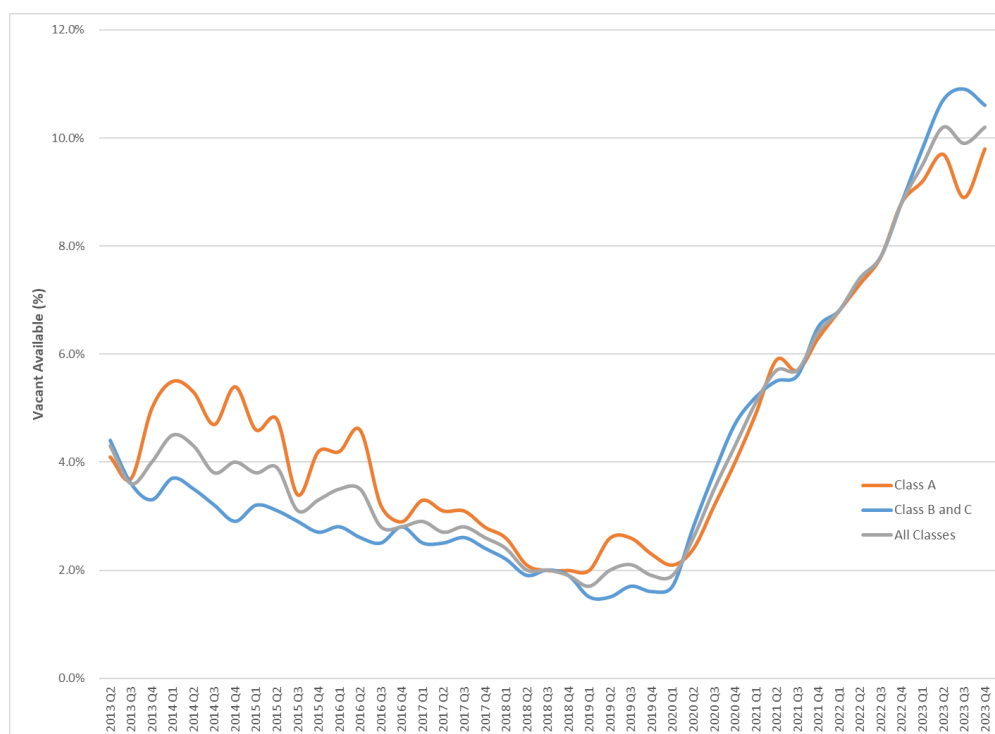
Questions regarding mobility to and from work, length of commute and ease of commute were frequently raised as challenges to encouraging workers to return to office workspaces. In cities like Toronto where the transit system best serves the office-dense downtown core, and commuter rail services connect the city-region primarily through Union Station, there is a need to link the future of work with the future of mobility.



### 4.1.3 Real estate and vacancies

One key area of concern is the future of downtown real estate in the face of lower occupancy rates in the wake of the pandemic. To look at this issue, we examine data on available vacancy<sup>72</sup> by building class in Toronto over a 10-year period from 2013-2023. **Figure 12** shows that, in the pre-pandemic period, available vacancy in Class A buildings tended to be nominally higher than B and C buildings.<sup>73</sup>

**Figure 12: Available vacancy by building class in downtown Toronto, 2013 to 2023**



Source: CoStar [Custom tabulations]

Upon pandemic recovery, however, we see shifts in these patterns. Initially, the available vacancy rates for Class A, B and C buildings converged. However, since the first quarter of 2023, there has been a reversal of the relationship with available vacancy for Class A buildings lower than for Class B and C buildings in Toronto. The lower available vacancy rates for Class A

<sup>72</sup> Available vacancy captures buildings that are currently on the market for lease or sublet.

<sup>73</sup> Office buildings fall into three classes: A, B, and C. Class A space is the most prestigious. It is professionally managed, modern, well located, and offers advanced amenities and facilities. Class B buildings are typically older with fewer amenities compared to Class A buildings, but are generally still well managed and desirable. Class C buildings are functional, budget-oriented and may be in a state of decline.





buildings contributes to the perspective, shared by many of our interviewees, that there has been a ‘flight to quality’. In other words, there is a belief that Class A buildings have recovered better than Class B and C buildings. However, while the data do show that the available vacancies rates are lower for Class A buildings compared to Class B and C building, the differences are relatively small and only apparent in the last year. In other words, we would caution careful interpretation.

Whereas real estate narratives and interviewees tend to highlight the strengths of Class A buildings and a flight to quality, suggesting that the greatest problems are faced in Class B and C office buildings, some evidence suggests otherwise. A recent study using cell phone data at the building level of Toronto’s Financial District showed that Class A buildings had lower recovery rates compared to Class B and C buildings.<sup>74</sup> This finding emphasizes different elements of recovery, one related to the return of people to the downtown and the other to the growth of empty or vacant spaces. Lower footfall (as observed in mobility data) does not always translate into high vacancy rates. With the prevalence of hybrid work, especially in professional services and banking, interviewees suggested that Class A buildings may have fewer people present on any given day yet may remain fully leased. This seeming paradox between relatively low people presence and relatively high lease rates is not a net negative for owners of Class A buildings who continue to collect rents. However, the lack of people presence does have dampening knock-on effects on transit, ancillary services and on street-level vibrancy during commuting and social times. Thus, these buildings may continue to promote less activity while not presenting opportunities for refreshment or revitalization.

While we have primarily focused on declining activity in the downtown core, it is important to note that Toronto continues to experience growth, which in turn reduces some of the city’s economic vulnerability. The city’s population is expected to grow, the number of jobs in the city is growing, and there is a need to ensure space for this growth in the downtown – which interviewees confirmed remains a desirable location for office-based activity, even as hybrid work patterns persist.

Although Toronto’s CBD is struggling to attract office workers, Toronto’s downtown benefits from the presence of approximately 275,000 residents<sup>75</sup> – many of whom live in high-density and high-rise neighbourhoods such as King Spadina, the Waterfront Communities, and the Yonge-Bay corridor. Moreover, Toronto’s structure as a ‘city of neighbourhoods’ is seen as an advantage. Summed up in an interview, one expert reminds us “remote work has strengthened

<sup>74</sup> B Jeong, Karen Chapple, and Jeff Allen, ‘Toronto Financial District BIA’, 2024 <<https://downtownrecovery.com/>> [accessed 17 March 2024].

<sup>75</sup> Nick Westoll, ‘Census 2021: How Population Levels in the Greater Toronto Area Changed in 5 Years’, 10 February 2022 <<https://toronto.citynews.ca/2022/02/10/census-2021-canada-toronto-population/>> [accessed 10 March 2024]. Westoll.



Toronto's neighborhoods and shown the limits of its downtown strategy.” Further emphasizing this challenge, they note, “the biggest challenges brought on by the pandemic were about the geography of work, not about the geography of residents.”

Finally, Toronto’s downtown remains an important place to locate an office and will remain more desirable because of connectivity within the region. This is summed up by one interviewee as follows:

“Clients do not want to be too far away from Union Station. And because it's the capture across Greater Toronto, you can get employees from Oshawa through to Hamilton, through to Barrie and beyond. And they can all, through rapid transit, come downtown and go to work. The hub of Union Station is very powerful and very meaningful. Somebody asked me ‘Can we build a new office building on one of the GO stations? Is that going to happen?’ ‘No, that's not happening.’ ‘Will people think about coming to downtown Toronto?’ ‘Absolutely.’”

#### 4.1.4 Economic diversity

Toronto’s economic diversity alongside its known sectoral strengths related to the knowledge economy are also critical. Two key sectors in Toronto that present opportunities in pandemic recovery are the city’s strengths in education and medical/life sciences. Universities have long been understood as being central to regional economic development, as places that spawn and commercialize innovation and discovery, through their influence on real estate development, in connection to the creation of jobs for faculty, researchers and administrative staff and as a locus of student learning and living.<sup>76</sup>

Recognizing that universities can play a role as potential catalysts for bringing life back to downtown areas, in cities such as New York and Los Angeles, universities have been credited with supporting the revitalization of urban centres.<sup>77</sup> Toronto’s downtown is home to three university campuses, which are home to more than 115,000 enrolled students. These educational institutions indeed play a significant role in bringing people back to in-person activities. The University of Toronto, Toronto Metropolitan University (TMU) and OCADU have all moved primarily back to in-person classes, thus generating significant footfall and positive spillover impacts for downtown activities including retail and recreation. As one of our interviewees explained,

<sup>76</sup> M.S. Gertler and T Vinodrai, ‘Anchors of Creativity: How Public Universities Create Competitive and Cohesive Communities.’, in *Taking Public Universities Seriously*, Ed. F. Iacobucci and C. Tuohy. (Toronto: University of Toronto Press, 2005), pp. 293–314.

<sup>77</sup> Michael Kimmelman, ‘Downtowns Are Full of Empty Buildings. Universities Are Moving In.’, *The New York Times*, 17 November 2023, section Arts <<https://www.nytimes.com/2023/11/17/arts/design/00johns-hopkins-bloomberg-center-review.html>> [accessed 20 November 2023].



“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.”

Identifying accessible spaces suitable for university purposes (e.g. faculty offices and lecture spaces) is not a new challenge. For example, the University of Toronto leased substantial space prior to March 2020 for faculty offices and for temporary space during renovations. Similarly, TMU leased movie theatre space in the Dundas Cineplex complex, which doubled as lecture halls during daytime hours, making better and creative use of existing urban spaces. These examples highlight the role that urban universities can play in supporting pandemic recovery in the city.

#### 4.1.5 Toronto's downtown in a regional context

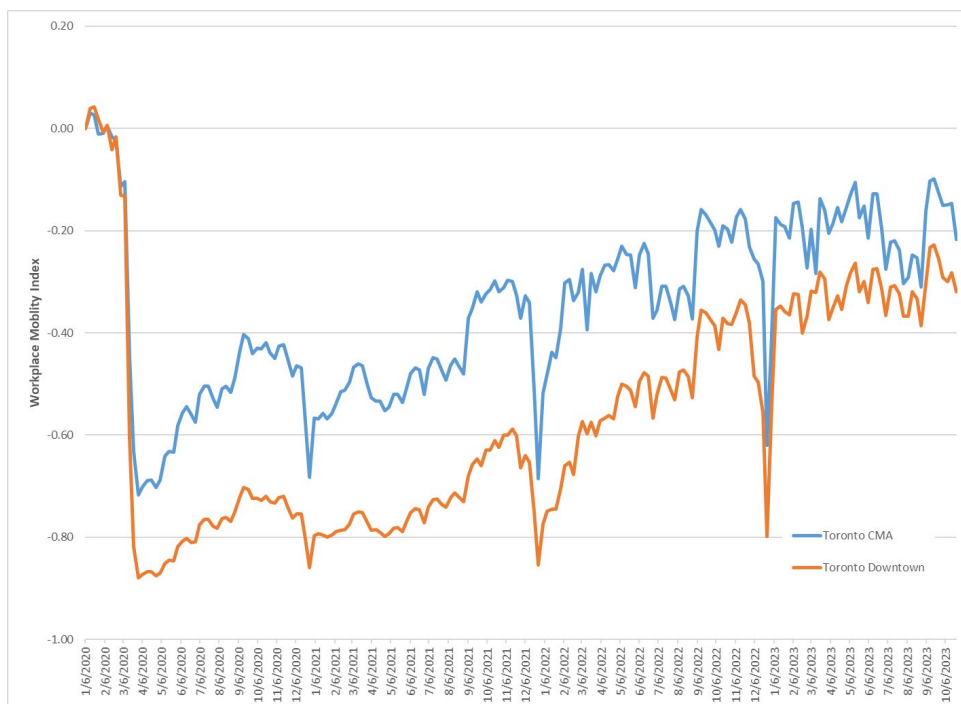
Given the importance of Toronto's downtown to the regional economy, it is important to place the City of Toronto's recovery in this broader context. In looking more closely at differences in office activity between Toronto and the surrounding region, we are able to identify a number of trends highlighting important shifts in activity. The Canadian Chamber of Commerce Business Data Lab, in partnership with Environics and others, use measures of workplace mobility to understand how levels of activity have evolved over the past three years.

**Figure 13** (below) shows that while workplace mobility in downtown Toronto and the broader Toronto CMA follows similar patterns over time, levels of activity are substantially lower in Toronto's downtown. In other words, workplace mobility in downtown Toronto lags the broader Toronto region. The concentration of office jobs in the downtown core is partly responsible for this outcome. As discussed, office jobs have a greater propensity for remote and hybrid work arrangements. These office jobs are also jobs where workers commute from other parts of the city and the city-region. Overall, since the onset of COVID-19, recovery at the regional level is consistently stronger than recovery in the downtown.

To further highlight the dynamics and differences in recovery at the regional scale, we compare workplace mobility in Toronto's downtown to the downtowns of the municipalities elsewhere in the Toronto region (see **Figure 14** below). Overall, recovery in workplace mobility is stronger in the surrounding edge cities and suburban downtowns compared to the downtown in the city proper. At the beginning of the pandemic, there was a substantial gap between activity in downtown Toronto compared to the outlying downtowns, where activity levels were greater. Over time, all of the downtowns have continued to recover, albeit at different rates. Notably, the gap in workplace mobility rates between downtown Toronto and the downtowns of the surrounding municipalities is beginning to close, suggesting that recovery dynamics continue to evolve and have not reached a steady state.

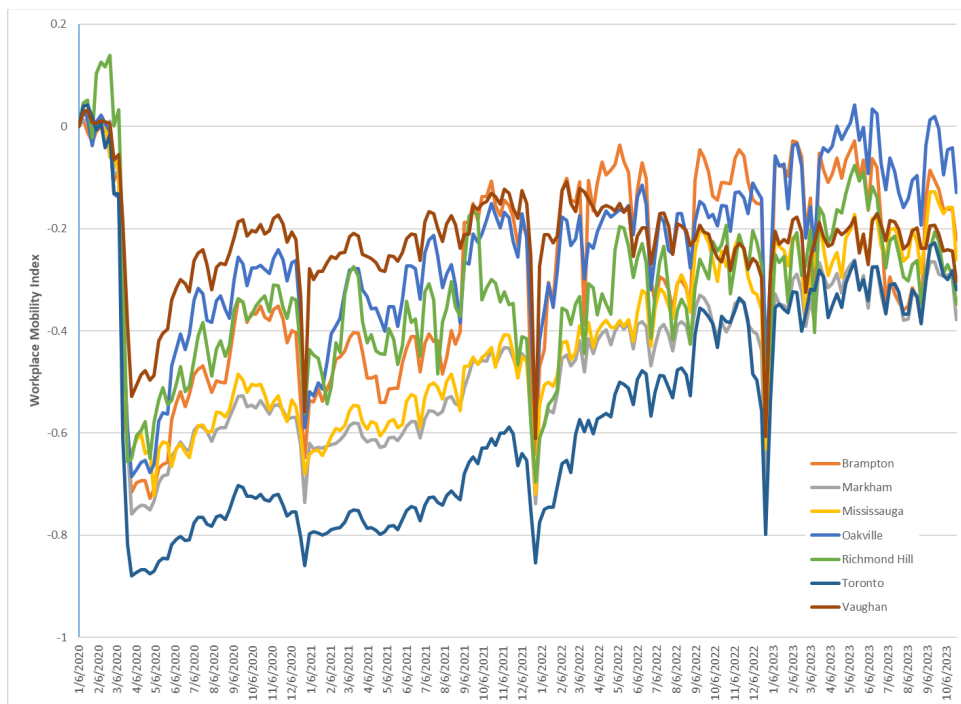


**Figure 13: Workplace mobility – Toronto downtown vs Toronto CMA, Jan 2020 to Oct 2023**



Source: Canadian Chamber of Commerce Business Data Lab [Custom tabulations]

**Figure 14: Workplace mobility – Downtowns in the Toronto region, Jan 2020 to Oct 2023**

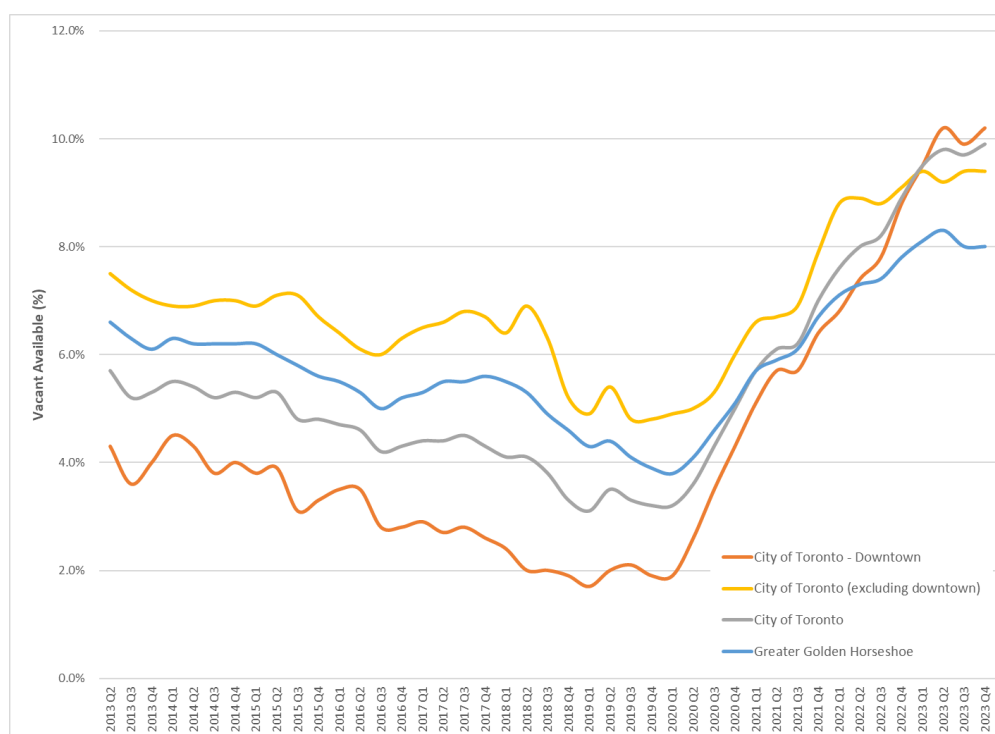


Source: Canadian Chamber of Commerce Business Data Lab [Custom tabulations]



There are also differences between Toronto and the surrounding region when it comes to real estate. **Figure 15** shows the available vacancy rate for all building classes over the 10-year period between 2013 and 2023 in Toronto compared to the Greater Golden Horseshoe (GGH) region. Between 2013 and the second quarter of 2022, available vacancy in downtown Toronto was markedly lower than available vacancy in the rest of Toronto and the GGH region. Yet, starting in the third quarter of 2022, available vacancy in downtown Toronto rose higher than surrounding areas. By the fourth quarter of 2023, available vacancy in downtown Toronto was notably higher than in the rest of the city and in the Greater Golden Horseshoe.

**Figure 15: Available vacancy – All building classes, Toronto vs. Greater Golden Horseshoe, 2013 to 2023**



Source: CoStar [Custom tabulations]

Overall, these data contribute to ideas about the spread of office activity and growing demand for space outside of the urban core. This aligns with recent suggestions that we should expect to see some dispersal of office activity from the downtown core as some firms locate their offices closer to where their labour force resides.<sup>78</sup>

<sup>78</sup> Richard Florida and others, 'The Rise of the Meta City', *Harvard Business Review*, 29 November 2023 <<https://hbr.org/2023/11/the-rise-of-the-meta-city>> [accessed 1 December 2023].



## 4.2 Real estate and office conversions

The data on downtown recovery, transit use, workplace mobility, office occupancy, and available vacancies, taken together with the broader regional picture, suggest that Toronto, like other cities, needs to think carefully about the function and use of space and land in the downtown. Many urban scholars and city builders, seized with ensuring that the urban core remains vibrant, emphasize that downtowns have functions beyond being places of work with traditional office buildings and office-only districts. They point towards renewed urban forms that prioritize residents and include an emphasis on urban amenity spaces such as convention centres, stadiums, retail, cultural spaces, universities, and hotels. Such spaces can accommodate and attract visitors and businesses, alongside residents. Furthermore, interest in the role of placemaking as a planning tool that can help facilitate and animate public spaces, as well as encourage the return of people to downtown spaces, has emerged with renewed vigor in the post-pandemic city.<sup>79</sup>

Studies of cities that have succeeded in recovery to pre-pandemic levels of activity in their downtown cores highlight the importance of mixed-use office districts. Such districts include a mix of land uses, and a focus on culture, entertainment and experience, which enable activities for a range of workers, visitors and residents. Indeed, several interviewees emphasized a reorientation of the city towards amenities, the visitor economy and entertainment as a key component of urban strategy. Our interviewees reinforce this perspective:

“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, the business tourism, visitor tourism, urban form, congestion, you know, 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.”

“Most urbanists are caught in old ways of thinking. And we're not ready to quite yet adjust or give way to the new reality that downtowns need to be more about entertainment, connection, visitation, conferences. But doing that all in an environment

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<sup>79</sup> Noga Keidar and others, ‘Progress in Placemaking’, *Planning Theory & Practice*, 0.0 (2023), 1–9  
<<https://doi.org/10.1080/14649357.2023.2286131>>.



where people can live and raise families. New York and London have done the best jobs at that because they're big and they're dense and they've had that mixture for a while.”

We reiterate the need for careful and thoughtful change in light of uncertainty and ongoing shifts. Our findings reinforce the idea there is a need to adapt Toronto’s downtown. The shift to hybrid work patterns has raised questions about real estate valuations and the cascading impacts related to loss in building values.<sup>80</sup> If real estate valuations decline, this will lead to a range of knock-on effects. For example, reduced municipal property tax assessments or decisions to cut services, all of which contribute to fears of an urban doom loop.<sup>81</sup>

In Toronto, the implications for commercial real estate investors, including pension funds and real estate investment trusts (REITs), are beginning to garner negative attention due to losses in reaching investment targets.<sup>82</sup> There is increasingly recognition that changes in office utilization are now structural rather than cyclical in nature.<sup>83</sup>

This is not to say that office activity and demand for office space in the downtown core is going away. However, it is changing. Therefore, in addition to adapting office buildings to other uses (which we discuss below), there is a need to adapt office buildings for office work that is collaborative and flexible. As noted by one expert:

“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.”

In considering the impacts of remote work on cities and people, attention to urban infrastructure beyond workplaces is also needed. For instance, several interviewees cited the cost of housing and housing affordability challenges as important factors that influence workplace decisions. In Toronto, where deep housing affordability concerns are charged with pushing residents to leave the city, the prospects for leveraging existing office spaces to build

<sup>80</sup> Arpit Gupta, Vrinda Mittal, and Stijn Van Nieuwerburgh, ‘Work From Home and the Office Real Estate Apocalypse’, Working Paper Series (National Bureau of Economic Research, 2022) <<https://doi.org/10.3386/w30526>>.

<sup>81</sup> Alan Rappeport, ‘Cities Face Cutbacks as Commercial Real Estate Prices Tumble’, *The New York Times*, 14 March 2024, section Business <<https://www.nytimes.com/2024/03/14/business/commercial-real-estate-tax-revenue.html>> [accessed 17 March 2024].

<sup>82</sup> Josh Rubin, ‘Downtown Toronto Lags behind North American Cities in Economic Recovery, Study Says’, *The Toronto Star (Online)* (Toronto, Canada: Torstar Syndication Services, a Division of Toronto Star Newspapers Limited, 26 July 2022), section Business <<https://www.proquest.com/docview/2694313174/citation/CF923F74F38144BFPOQ/1>> [accessed 7 February 2024].

<sup>83</sup> Rappeport; Rubin.





housing is alluring. One interviewee emphasized the need for more downtown housing as a means of maintaining urban vibrancy, saying:

“You need to create the environment to have more of the people that are working downtown, being able to live downtown.”

Interviewees highlighted a need not just to consider housing uses, but a range of building uses, in recalibrating downtown. There is also a sustainability imperative in considering building reuse and neighbourhood revitalization, as expressed in an interview as follows:

“When I hear [real estate developer] say 'Just knock them down' I want to say, 'You can't take all that embodied carbon and knock down a 70-story building, don't be ridiculous.' We've got to be much more imaginative.”

Furthermore, there is a need to consider the compounding effects of office-based work on work-life balance in the pre-pandemic period vis a vis the flexibility that hybrid work offers. As one interviewee summarizes:

“What you're fighting is this preceding 20 or 30 years of buildup of all those other smaller things. So now you have parents who are able to go and pick their kids up from school because they're working from home, and the office employment sector in the downtown core can't offer that same quality of life...So what we're dealing with here, from my perspective, is there are some factors that pull people back into occupying office space, and there are many factors that repel them from coming back into the office. How do we net that out as a positive? Because there is genuinely a risk here of the urban core being quite profoundly negatively impacted.”

Reflecting on the questions that need to be answered when considering office conversion to other uses (including housing), an interviewee provides this guidance:

“And so, when you look at the feasibility of converting these buildings, you've got issues about, you know. Is it in the right location? Is it in a downtown, or is it a suburban wasteland? Does it have all of the right amenities and infrastructure that you need? Does the building make sense itself? Is it properly serviced? Does it have the right shape of the building.”

Several interviewees echoed that it is important to recognize the technical limits to office conversions, especially to housing. Additionally, interviewees provided reminders that Toronto knows how to lead urban change, including through the experience of revitalizing former light industrial areas in the city such as the areas around King-Spadina and King-Parliament.





"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 property tax revenue. And of course they're nervous about moving employment land designations." (Interview)

Interviewees emphasized that while change and adaptation is desirable, attention to the cost of such changes is needed even when conversions are technically feasible. For instance, one interviewee explained that buying office buildings for new types of uses was desirable, saying "it makes sense from a numbers standpoint, because right now, for what we can pick up in office space, it's much cheaper to buy it than it is to build it." Yet, others suggested that there are instances where financial supports and incentives are needed to 'make the math work'.

Interviewees suggested that in most instances, repurposing buildings is not a financially feasible solution, saying:

"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."

If encouraging the repurposing of buildings is desirable, then it is suggested that governments will need to create incentives that encourage conversion by reducing the costs. In Calgary, for example, office to housing conversion is encouraged through developer incentives.<sup>84</sup>

"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."

Absent such incentives, or until such time as the math makes it financially feasible to repurpose buildings, interviewees agree that the opportunities to repurpose buildings may be limited and therefore unlikely to make a significant difference.

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<sup>84</sup> City of Calgary, 'Downtown Office Conversion Programs' <<https://www.calgary.ca/development/downtown-incentive.html>> [accessed 17 March 2024].





## 5. RECOMMENDATIONS & CONCLUSIONS

## 5 Recommendations & Conclusions

At the outset, we posed five questions regarding the shift to hybrid and remote work, the impact on people and places, and emerging best practices and policies that will assist civic, business and political leaders in addressing the challenges and reaping the benefits associated with these changes.

1. What are the impacts of remote and hybrid work on labour force participation for equity-deserving groups?
2. What are the impacts of remote and hybrid work on productivity?
3. What are the impacts of remote and hybrid work on the urban built environment, including transportation, real estate and downtown vibrancy?
4. Can (and should) office buildings and downtown spaces be reimagined and repurposed?
5. What are the emerging best practices related to remote and hybrid work?

Overall, our research suggests that **we continue to be in a period of uncertainty with respect to questions about the future of work and cities**. Our analysis shows that on all key indicators of urban vibrancy there continues to be flux and change; trends and patterns in urban recovery have not fully stabilized. We also established that hybrid and remote work are widespread practices, with hybrid and flexible work arrangements becoming more common, especially in knowledge-based industries and occupations, which often rely on office-based work. However, the extent to which remote and hybrid work are embedded is highly variable in terms of geography, industry, occupation, education level and various other socio-economic and demographic characteristics.

Our review reveals that the shift to remote and hybrid work offers both benefits and challenges. With respect to the first question regarding the **impact of remote and hybrid work for equity-deserving groups**, our findings suggest a nuanced picture. Unquestionably, the pandemic induced uneven labour market and health outcomes, felt most negatively and acutely by women, youth, racialized groups, newcomers and immigrants, as well as those with less formal education. However, hybrid and remote work does confer some benefits as well. First, it introduces more flexibility, especially for working parents and other caregivers, albeit these benefits are also uneven given that only particular types of jobs can be performed outside of an office or other formal workplace setting. Second, remote and hybrid work can promote labour force participation for some groups of workers, such as persons with disabilities.

Second, on the question of the **impact of remote and hybrid work on productivity**, the evidence is mixed and there are diverging perspectives between employers and employees.



More notably, there are concerns about the impact of remote and hybrid work on innovation. This presents a longer-term risk given that cities are important places in generating new ideas. Thus, while there are benefits to remote and hybrid work realized at the individual level for some of the workforce, there are substantial concerns about the aggregate outcome and its negative consequences for cities.

This leads us to our third question about the **impact of remote and hybrid work on the urban built environment**. It is clear that Toronto continues to face challenges in the wake of the pandemic, particularly in the realms of downtown activity, office occupancy and transit use. Here too, our evidence indicates that urban recovery is still evolving and has not reached a new steady state.

Given these (still changing) dynamics, there are open questions about **if (and how) office buildings and downtown spaces could be reimaged and repurposed?** Certainly, there is a need for Toronto to reimagine its downtown to increase its attractiveness to residents, workers, businesses and visitors. Converting offices to other uses, including housing, is possible under specific technical conditions, but requires the right financial incentives to allow this to occur. However, facilitating and permitting dramatic shifts in the urban built environment could place the city at risk of not being able to adapt to the future of work, for instance if demand for downtown office space were to rise unexpectedly. Recognition of uncertainty and ongoing urban dynamism is fundamental to the recommendations we provide below.

Based on our qualitative and quantitative evidence, we argue that the risk of doing nothing in anticipation of a return to a pre-COVID ‘normal’ is detrimental to Toronto’s future. Drawing upon our review and analysis of **best practices and evidence from Toronto and other jurisdictions**, we offer seven recommendations:

1. Convene a task force
2. Develop a 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. Support hybrid work
7. Advocate for placemaking

We elaborate on each of these recommendations in detail below.



### **1. Convene a task force to propel the city towards a prosperous, sustainable recovery**

Four years on from the initial COVID-19 State of Emergency, a task force to help propel the city towards a prosperous and sustainable recovery, through the creation of a vision, strategy and implementation plan, is necessary.

Toronto demonstrated excellence in collaboration while navigating the public health crisis raised by the pandemic. This success is best highlighted through multi-stakeholder initiatives that supported, for instance, high vaccination rates across the city. Furthermore, in previous public health crises (e.g., SARS), civic-led initiatives helped the city recover. These initiatives were credited with supporting tourism recovery, while at the same time raising the city's profile.<sup>85</sup> Toronto can build on this history of successful multi-sector collaboration, while also learning from the experiences of other cities where the return to in-office work remains uncertain and a significant concentration of office workers has led to declining urban vitality.<sup>86</sup>

Therefore, Toronto should persist in leading collaborative efforts with the development of a mayoral-led, civic leader driven, long-term task force to help the city continue on its path to recovery in a manner that promotes urban vibrancy. The task force should include engagement with all three levels of government and include representative leaders of the business, university and non-profit sectors. Toronto has an opportunity, as Canada's largest city, to demonstrate leadership, creativity, and collaboration through such a task force.

### **2. Develop a data analysis strategy and capacity**

We encourage the development of a formal data strategy focused on urban recovery and the future of Toronto, both through investments in data collection and acquisition, in-house data analysis, and assessment capacity.

There is an opportunity to build a deeper understanding of trends, alongside developing the capability to readily evaluate policy experiments, pilot projects and interventions. As this report illustrates, there is a need to access, analyze and interpret data from a wide range of trusted sources to understand urban change and dynamism. These data are needed to help the city understand the state of activity and provide a lens to view changes in patterns (e.g., return to the office, transit activity, remote and hybrid work arrangements) and to address them with confidence. Such data requires unique skill sets to collect, assess, analyze and generate insights and trends.

### **3. Build on Toronto's existing strengths and economic diversity**

As the city prepares to build a vision and strategy to move forward in recovery from COVID-19, it is imperative to build on and support the city's foundational strengths.

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<sup>85</sup> Bramwell and Wolfe.

<sup>86</sup> 'New' New York Panel.



Toronto is a city that thrives on economic diversity with employment spread across a range of sectors. The city's economic diversity helped the city weather previous structural shifts and is credited with preventing the city from falling into severe crisis. Toronto's strengths in knowledge-based sectors such as financial services, life sciences and communication and cultural industries, excellent educational institutions, and welcoming environment to newcomers have been instrumental in bolstering employment activity in the city and generating opportunities to build prosperity.<sup>87</sup>

The City of Toronto recognizes and supports ten industry sectors, including those mentioned above.<sup>88</sup> With an emphasis on local inclusion and global competitiveness, the city will be well-served to understand how its areas of existing economic strength can be bolstered and improved as the city continues to develop its economic development plans for the 21<sup>st</sup> century and beyond.

#### **4. Leverage planning tools in conjunction with financial incentives**

The city must proactively explore and develop new planning tools and financial incentives to allow for appropriate redevelopment in the downtown core and elsewhere in the city. Shifts currently underway with respect to the changing organization of work have the potential to influence the city's urban form and raises the possibility of adapting buildings to non-office uses. Toronto has already demonstrated an ability to successfully transition from an industrial to a post-industrial city. Notably, in the mid-1990s, the city successfully initiated redevelopment efforts in 'The Kings' as former industrial and warehousing spaces on the shoulders of the downtown core became underutilized.<sup>89</sup>

We are at another juncture in which there is an opportunity to leverage planning tools, alongside financial tools currently available to the city, to plan for and facilitate change. The case of Calgary is instructive.<sup>90</sup> Importantly, a consultative planning exercise can help to determine where to protect employment lands, and where and how to direct change to reinvigorate the CBD, including by making it a place that accommodates a broader range of activities beyond office work. The city will need to examine the potential of new planning tools, which might include expedited building permits and more flexible, permissive zoning in conjunction with financial tools, such as property tax rebates, reduced development charges and other incentive, can help 'make the math work'.

<sup>87</sup> Brail and Vinodrai.

<sup>88</sup> City of Toronto, 'Industry Sector Support', *City of Toronto* (City of Toronto, 2017), Toronto, Ontario, Canada <<https://www.toronto.ca/business-economy/industry-sector-support/>> [accessed 7 April 2024].

<sup>89</sup> Stephen Wickens, 'Downtown Toronto Went All in with a Pair of Kings - The Globe and Mail', *The Globe and Mail* (Toronto, 16 February 2016) <<https://www.theglobeandmail.com/report-on-business/industry-news/property-report/going-all-in-with-a-pair-of-kings/article28745451/>> [accessed 7 April 2024].

<sup>90</sup> City of Calgary.



Through collaborative governance approaches, and in connection with non-government partners including developers and non-profit organizations, planning and incenting a cohesive set of changes in urban form and land use is warranted. This should entail consideration of the opportunities presented by mixed-use buildings and neighbourhoods, the connection between office spaces and ongoing weakness in office-oriented retail, and space adaptation that can benefit from placemaking initiatives. This should include support for adaptive reuse of existing underutilized office buildings and office-integrated retail for uses such as housing, childcare, educational spaces, community and recreational centers, cultural facilities, and experiential spaces. However, a planned and monitored approach is necessary to ensure that the right financial tools are in place, and that plans still ensure that the city's future employment space needs will continue to be met.

## **5. Enhance mobility and connectivity**

Ensuring ease, safety and frequency of mobility and connectivity both within Toronto and between Toronto and surrounding regions, will underlie Toronto's ability to continue to be able to draw in residents, workers and visitors.

Strategic investments and ongoing efforts to enhance mobility and connectivity in the city are fundamental to the city's future. Long-range infrastructure plans to enable mobility in the city will position Toronto to be prepared to accommodate expected growth in population and jobs. The city's pandemic experience and recovery illuminate the need for reliable and safe networks that facilitate movement and connectivity within the city and across the city-region. Such efforts need to recognize the impact of hybrid work on mobility patterns, which has concentrated transit ridership in the mid-week period and at off-peak hours, and elevated activity on weekends and during special events such as sporting activities, concerts, and cultural festivities.

## **6. Support hybrid work**

The future of work is uncertain, however there is increasing certainty that this future includes a greater emphasis on remote work and hybrid work for office-based workers.<sup>91</sup> Remote and hybrid work present advantages to workers in the form of accommodation for people with disabilities, caregiving responsibilities and can provide opportunities for improved work-life balance by removing the need to commute.

Governments can play a role in supporting hybrid work in a number of ways. First, they can model and experiment with best practices in hybrid work for their employees, showcasing examples of success, as well as learning from failure. Second, government can use its convening power and collaborate with other industry, community and labour partners to create initiatives to best support hybrid work in the urban economy.

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<sup>91</sup> Bloom, Han, and Liang.



## **7. Advocate for and engage in placemaking**

Vibrant urban spaces need people. Advocating for a placemaking-focused approach that prioritizes creating and animating spaces in ways that draw people to them – both residents and visitors – is critical to post-pandemic recovery<sup>92</sup>.

Throughout this report, we highlight research and interviews that point to the role of creating desirable places and activities in recovery that help tether workers to offices and meeting places, and that attract other visitors to downtowns. Placemaking can contribute to equity by making places accessible and contributes to economic development by making places more commercially attractive. This recommendation can be achieved by intentionally emphasizing the value of creating diverse spaces for people, and by implementing inclusive, placemaking-focused approaches to rejuvenating downtown spaces.

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<sup>92</sup> Keidar and others.





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## Appendix A: List of Interviewees

Ana Bailão, Head of Affordable Housing and Public Affairs, Dream Unlimited

Sheila Botting, Principal & President Americas (Professional Services), Avison Young

Marcy Burchfield, Vice President, Transit Planning, Metrolinx

Karen Chapple, Professor and Director, School of Cities, University of Toronto

Sonya Donovan, Managing Director, Real Estate, University of Toronto

Richard Florida, University Professor, University of Toronto

Phinjo Gombu, Director, Place Based Research, Toronto Region Board of Trade

Pauline Larsen, Executive Director, Downtown Yonge Business Improvement Area

Mary Rowe, President and CEO, Canadian Urban Institute

Saad Usmani, Director, Economic Research and Workforce Development, Toronto Region Board of Trade

Tricia Williams, Director, Research, Evaluation & Knowledge Mobilization, Future Skills Centre

