

Staff Report



Development Services Department

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REPORT TO: Special Council

DATE OF MEETING: February 2, 2026

SUBMITTED BY: Cory Bluhm, Executive Director of Economic Development
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PREPARED BY: Cory Bluhm, Executive Director of Economic Development
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Lauren Chlumsky, Economic Development Analyst

WARD(S) INVOLVED: All

DATE OF REPORT: January 29, 2026

REPORT NO.: DSD-2026-052

SUBJECT: Council Strategic Session – Make it Kitchener 2.0 Refresh

RECOMMENDATION:

For discussion.

REPORT HIGHLIGHTS:

- The purpose of this report is to provide Council with an overview of the strategic session and to provide background information to inform the discussion.
- Community engagement included discussions with the Economic Development Advisory Committee and stakeholder round tables to inform the strategic session.
- This report supports **Creating an Economically-Thriving City Together: Focuses on growing an agile, diverse local economy powered by talented entrepreneurs, workers & artists; creating opportunities for everyone and a resilient future that propels our city forward.**

BACKGROUND:

Make It Kitchener 2.0 is the City's economic development strategy, aimed at guiding major investments to support the ongoing growth of Kitchener's economy. November 2025 marked the halfway point of the 10-year strategy and an opportune time for review. More importantly, significant economic forces have arisen in the past 18-months that were not anticipated when the strategy was first approved. These include:

- i) A Trade & Tariff War;
- ii) Higher interest rates from 2022 to 2024;
- iii) Significantly reduced new home sales leading to construction slow downs;
- iv) Rising business costs for most sectors (ex: costs of construction, costs of materials);

*** This information is available in accessible formats upon request. ***
Please call 519-741-2345 or TTY 1-866-969-9994 for assistance.

- v) Continued prominence of remote work and significant office vacancies in Downtown Kitchener;
- vi) Decreased venture capital investments in Canadian startups;
- vii) Global adoption of artificial intelligence and concerns over future job losses; and,
- viii) Significant changes to Canada's International Student programs.

As a result, in August of 2025, Council added a new action to Kitchener's 2023-2026 Strategic Plan, directing staff to undertake a review and develop Make It Kitchener 2.1, by reviewing the major areas of focus and identifying any new potential areas. Recent announcements from the Region of Waterloo regarding current water capacity could also negatively impact economic growth.

Current Areas of Focus & Investments to Date

Make It Kitchener 2.0 was approved during the first year of the pandemic, identifying 6 areas of focus. This included an immediate focus on business recovery, and 5 ongoing and long-term areas of focus. City Council has made critical investments within each area of focus. Investments are summarized in Attachment A.

Economic Analysis

The City retained the services of Eric Protzer, a Canadian data scientist and fellow of the Harvard Growth Lab, to provide a macro-level analysis of the city's economic performance and to identify diversification opportunities. High level findings of this analysis include:

- Overall, Kitchener CMA is performing very well compared to most other Canadian cities (ex: Employment Growth 2011-2021 was strong). However, Kitchener CMA is trailing well behind many American cities.
- Canada is strong at discovery of innovation but struggles to commercialize (ex: low business investment in research and development).
- Major shocks have impacted Kitchener's economy in the following ways:
 - Recent labour market weakness
 - Urban office vacancy
 - Trade & Tariff War creating economic uncertainty
- Kitchener has particular economic strength in industries related to computer science and also in technical fields related to engines and motor vehicles.
- Diversification opportunities exist in Medical Instrument Manufacturing, Aerospace, Semiconductor/Electronic Component Manufacturing, etc.

The complete economic analysis is contained in Attachment B - Kitchener's Economic Trajectory and Diversification Opportunities.

REPORT:

The objectives for the Council Strategy Session are to:

- Report on the status of the current 5 areas of focus, and 4 potential new areas of focus;
- Provide Council with an overall understanding of the current economic climate, including challenges and opportunities; and,
- Gain Council's early feedback and prioritization on existing and new areas of focus.

1. Background & Context (C Bluhm) – 5 minutes

Staff will provide a brief overview of the purpose of Make It Kitchener 2.0 (major, catalytic investments), and review of the major investments and work completed during the first 5 years of Make It Kitchener 2.0 (see Attachment A).

No Council discussion, information only

2. Economic Analysis and Question & Answers (E Protzer) – 30 minutes

Mr. Eric Protzer will provide a 10-minute overview of his findings on Kitchener's Economic Trajectory and Diversification Opportunities (see Attachment B). Council will be invited to engage with Mr. Protzer by asking questions related to his economic analysis.

Question & Answer facilitated by the Mayor

3. Areas of Focus (C Bluhm led, Mayor Facilitated) – 25 minutes

Staff will provide a brief overview of the 5 current areas of focus and 4 potential new areas of focus. Staff will provide their recommendation with respect to the approach for each area of focus. To support Council's discussion, staff have provided a 1-page summary for each area of focus, highlighting investments made to date, identifying key trends and opportunities, etc. This document, entitled City of the Future 2026, is contained in Attachment C.

Council will be asked for 1) their level of agreement; and 2) the level of priority they would place on each area of focus.

Council Exercise 1A - Level of Agreement with Staff

Please identify level of agreement with staff's recommendation for each of the individual areas of focus. Options include:

- a) I agree
- b) I agree but I have a comment to make
- c) I disagree
- d) I need more information

Council will utilize stickers on a worksheet to identify their answer. Staff will transfer Council's responses to a large board to observe areas of alignment and difference.

Council Exercise 1B - Level of Priority

Please rate the level of importance you would place on each area of focus. Options include:

- a) High Priority – this should be the focus of near-term major investments and immediate focus of staff work
- b) Medium Priority – this should be considered for investment or a focus of staff work over the next 3 years
- c) Low Priority – this should be considered for investment or a focus of staff work over the next 5+ years
- d) Not a Priority – this should not be considered for future investment or staff work.

Council will utilize stickers on a worksheet to identify their answer. Staff will transfer Council's responses to a large board to observe areas of alignment and difference.

Council Exercise 2 – Areas of Difference

Based on Council's initial answers to 1A and 1B, staff will identify areas where there is a consensus as well as areas where there is a difference of opinion, and invite Council to provide insights, comment or feedback. Likewise, where members of Council answer (b) or (c) to question 1A, staff will invite Councillors who wish to elaborate on their rationale.

4. Official Plan Update on Employment Lands – 5 minutes

Planning staff will provide a brief overview of the proposed employment land policies of the new Official Plan and the importance of protecting existing employment lands.

Next Steps

Following Council's Strategic Session, staff will begin developing the refreshed Make It Kitchener strategy. The draft strategy will be presented to the Economic Development Advisory Committee for feedback prior to presenting it to Council in the Spring of 2026.

STRATEGIC PLAN ALIGNMENT:

This report supports **Creating an Economically-Thriving City Together: Focuses on growing an agile, diverse local economy powered by talented entrepreneurs, workers & artists; creating opportunities for everyone and a resilient future that propels our city forward.**

FINANCIAL IMPLICATIONS:

Major initiatives resulting from Make It Kitchener are funded and implemented in one of 2 ways:

- The Economic Development Investment Fund 2.0 is intended to be the funding source for all major catalytic investments; and,
- Actions which are more operational in nature will be implemented by staff utilizing existing operating and capital budgets.

No impacts will arise for the Capital Budget or Operating Budget as a result of the strategic session. However, when staff present a revised strategy, financial implications may be identified at that time.

COMMUNITY ENGAGEMENT:

CONSULT - the review of Make it Kitchener 2.0 will be informed based on the following two engagement efforts:

- Ongoing engagement with the City's Economic Development Advisory Committee (September 2025 to April 2026); and,
- Stakeholder roundtables (currently planned for January 22-29, 2026).

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

PREVIOUS REPORTS/AUTHORITIES:

- DSD-20-056 Make It Kitchener 2.0 – A Strategy to Guide Economic Recovery & Growth

APPROVED BY: Dan Champan, Chief Administrative Officer and Justin Readman, General Manager of Development Services

ATTACHMENTS:

Attachment A – Investments Made to Date – Make It Kitchener 2.0

Attachment B – Kitchener's Economic Trajectory and Diversification Opportunities

Attachment C – City of the Future 2026

ATTACHMENT A:

Investments Made to Date – Make It Kitchener 2.0

Area of Focus	Investments to Date	Planned or Potential Investments
Health Innovation	<p>\$8.5 million investment in the University of Waterloo’s Innovation Arena.</p> <p>Approval of a vision for a new mixed-use urban business park on the Bramm Yards.</p> <p>Commencement of environmental and geotechnical work on the Bramm Yards to prepare for future development.</p>	<p>Funding secured for a new incubator and coworking space at the Innovation Arena for health-adjacent small businesses (planned to open in 2026).</p> <p>Early investigation and partnership building on the development of a health innovation validation facility/network.</p> <p>Eventual disposition and redevelopment of the Bramm Yards.</p>
Creative Industries	<p>Launch of the Creative Hub at 44 Gaukel and integration into the City’s annual operating budget.</p> <p>Growth of e-Sports in the region, including a partnership that brought the 2025 Call of Duty League Championship.</p>	<p>Ongoing work with Conestoga College on the advancement of their Creative Industries School (Conestoga College invested in the Doon Campus facilities).</p>
City-Wide Startup Network	<p>Launch of the SDG Idea Factory, an incubator for social entrepreneurship and equity-deserving entrepreneurs.</p> <p>Launch of Sq Peg, a retail incubator.</p> <p>A partnership with Communitech to re-ignite the local tech startup scene.</p> <p>Growth of entrepreneurship programs at the Small Business Centre.</p>	<p>Funding secured for a new incubator and coworking space at the Innovation Arena for health-adjacent small businesses (planned to open in 2026).</p> <p>A Commercial Kitchen Incubator (business case in 2026).</p> <p>A Music Industry Incubator (business case in 2026).</p>

<p>Affordable Attainable Housing</p>	<p>&</p> <p>\$2.57 million land lease to the YWCA at 1470 Block Line Road.</p> <p>\$5.5 million land donation to Habitat for Humanity on Holborn Drive.</p> <p>Land lease to Reception House on Wellington Street North.</p> <p>Housing development with Kitchener Housing Inc as part of Fire Station 8.</p>	<p>Future land sales to support affordable housing (ex: Charles Street Terminal lands in partnership with the Region of Waterloo).</p>
<p>A Vibrant, Active City</p>	<p>Acquisition via donation of the Conrad Centre for the Performing Arts and integration into the City's annual operating budget.</p> <p>Development and launch of Gaukel Block.</p> <p>Investments in the growth of festivals and events in Downtown Kitchener.</p> <p>Funding support for THEMUSEUM to achieve a sustainable funding model.</p>	<p>Development of 'Kitchener Live', a new destination brand and ticketing platform (planned 2026 launch).</p> <p>Capital investment in special event infrastructure through a one-time capital budget investment.</p>