

# CITY OF THE FUTURE

2026

Current & Emerging Areas of Focus for *Make it Kitchener*



## MAKE IT KITCHENER 2.0 – INVESTMENTS TO DATE

Since 2020, the City has made the following key investments to grow the economy and bring the community back to life following the pandemic.

### UW INNOVATION ARENA



### CONRAD CENTRE FOR THE PERFORMING ARTS



### 44 GAUKEL – CREATIVE HUB



### SDG IDEA FACTORY



### HOUSING INVESTMENTS

- Land donation to Habitat for Humanity
- Land lease to YWCA
- New housing development in partnership with Kitchener Housing Inc
- Land lease to Reception House

### OTHER INVESTMENTS

- Gaukel Block
- Expansion of City Festivals & Special Events (ex: Endless Summer)
- Sq Peg Retail Incubator
- Future WRSBC space at the Innovation Arena (2026)
- Communitech Partnership to Recharge the Startup Ecosystem

# 1. HEALTH INNOVATION

## CURRENT AREA OF FOCUS

The Health Innovation Industry continues to be poised for significant growth driven by two factors - an aging population putting strain on the public health system and societal focus on health and well-being. These create opportunities for new technology, service delivery models and startup growth.

**Staff Recommendation: Continue to go “all-in” on Health Innovation.**

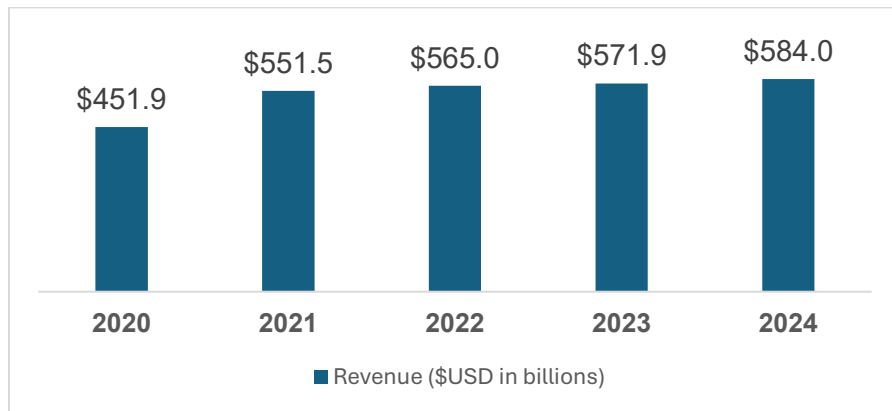
### LOCAL STRENGTHS

- UW Velocity currently supports over 120 health innovation startups
- The Medical Innovation Exchange (MIX) supports scaling medtech companies who have attracted \$40 million in private investment while creating 336 new jobs in 2025
- Diversification opportunity in ‘medical instrument manufacturing’

### KEY TRENDS

- Startups face long delays before testing and validating their solutions, resulting in startup failure or relocation to the USA
- The Province recently launched a new ‘Innovation Pathway’ aimed at accelerating adoption of new tech within the local health system

TABLE 1 - MEDTECH INDUSTRY OVERALL FINANCIAL PERFORMANCE (US & EUROPE)



Source: EY Pulse of the MedTech Industry Report, 2025

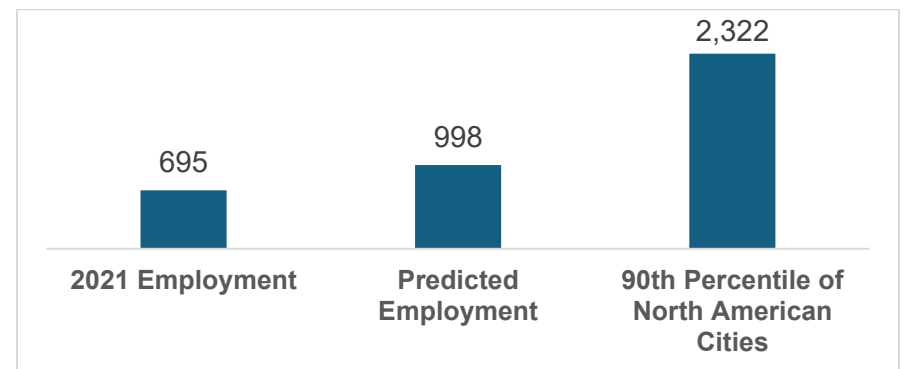
### INVESTMENTS & WORK TO DATE

- The City invested \$8.5 million in the UW Innovation Arena, a \$35 million facility home to UW Velocity’s health innovation startups
- New City co-working/incubator space in progress at Innovation Arena
- City Council approved a vision for the Bramm Yards as a future mixed use urban business park focused on health innovation

### POTENTIAL FUTURE INVESTMENTS

- Construction of a new health innovation ‘validation’ facility
- Development of a distributed ‘validation’ testbed network
- Redevelopment of the Bramm Yards
- Consider broader alliances to establish Kitchener as a premier destination of health and medtech innovators

TABLE 2 - EMPLOYMENT IN NAVIGATIONAL, MEASURING, MEDICAL AND CONTROL INSTRUMENTS MANUFACTURING IN THE KITCHENER CMA



Source: Minerva Economics, 2025

## 2. CREATIVE INDUSTRIES

### CURRENT AREA OF FOCUS

Global consumption of creative content (interactive media, film, animation, gaming, design, music, etc.) continues to fuel growth within creative industries in Canada. Opportunities exist to support long-term talent development in partnership with local post-secondary institutions.

**Staff Recommendation: Become “Canada’s Emerging Arts City” through the City’s Arts & Creative Industries Action Plan; consider a Downtown Creative Industries Campus as a long-term objective.**

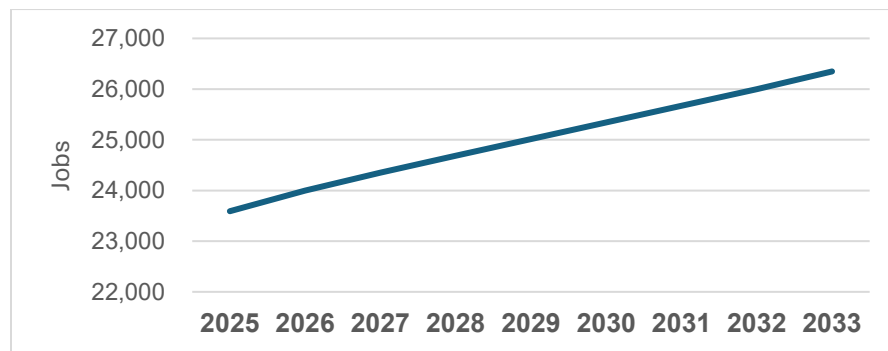
### LOCAL STRENGTHS

- Conestoga College’s School of Creative Industries educates more than 1,000 students per year across 21 programs
- Kitchener has 327 companies within creative industries employing 6,706; Waterloo Region has 854 companies, employing 23,919 (2022)

### KEY TRENDS

- The top 3 local creative occupations are computer programmers, software engineers and information system specialists, suggesting most jobs focus on the back-end/software side of the industry, not the creative front-end
- The CMA is forecasted to add 2,757 creative industry jobs between 2025-2033
- Animation, game design, esports industries are all forecasted to grow internationally

TABLE 3 PROJECTED CREATIVE INDUSTRY GROWTH, KITCHENER CMA



Source: Lightcast, 2025

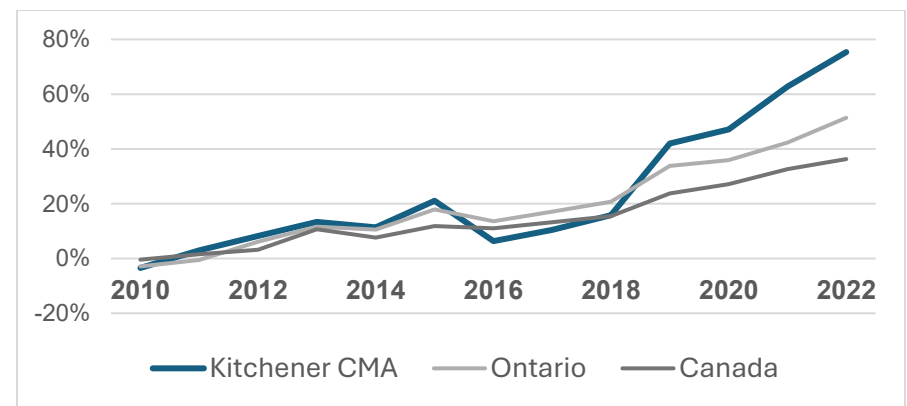
### INVESTMENTS & WORK TO DATE

- Conestoga College invested in the Doon Campus facilities including specialized design studios, animation/gaming labs, etc.
- The City opened 44 Gaukel and formally integrated the Creative Hub into its operating budget, supporting 35+ businesses
- Establishment of a Music Office within the City of Kitchener

### POTENTIAL FUTURE INVESTMENTS

- Construction of a new Creative Industries post-secondary campus in Downtown Kitchener
- Strengthen industry partnerships with post-secondary institutions
- Ongoing growth of the Creative Hub
- Development of a Music Industry Incubator

TABLE 4 CREATIVE INDUSTRY POST-SECONDARY PROGRAM COMPLETIONS (% CHANGE SINCE 2009)



Source: Lightcast, 2025

### 3. CITY-WIDE STARTUP NETWORK

### CURRENT AREA OF FOCUS

The Toronto-Waterloo Corridor is one of the top 20 startup ecosystems in the world. As today’s startups become tomorrow’s anchor employers, Kitchener needs to continue to support start-ups and small businesses of all kinds through incubators and coworking spaces for a range of industries.

**Staff Recommendation: With 3 new incubator/co-work facilities already created, complete the remaining 3 facilities originally planned.**

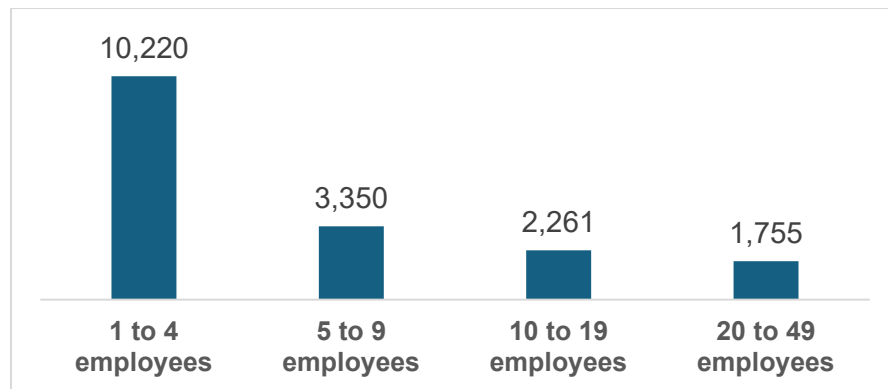
#### LOCAL STRENGTHS

- Communitech supports over 400 startup companies
- The Waterloo Region Small Business Centre (WRSBC) supports over 200 entrepreneurs through its programs annually
- The Kitchener Market supports 75 vendors each week
- Incubator network: Communitech, UW Velocity, MIX, MACcelerate, Conestoga College Entrepreneurship Collective, Laurier Launchpad
- Toronto-Waterloo Corridor is the 3<sup>rd</sup> largest tech cluster in North America including 5,200 tech startups

#### KEY TRENDS

- Startups are leveraging AI technology (ex: customer support automation, code writing, etc.) to reduce costs and burn rates
- Canadian startups are highly dependent on foreign venture capital

TABLE 5 - NUMBER OF SMALL BUSINESSES IN THE KITCHENER CMA BY COMPANY SIZE (NUMBER OF EMPLOYEES)



Source: Statistics Canada, Canadian Business Counts, June 2025

#### INVESTMENTS & WORK TO DATE

- Launched the SDG Idea Factory, a social entrepreneurship incubator
- Launched Sq Peg, a retail incubator
- Partnered with Communitech to drive in-person startup programs at the Hub
- New ‘Sparks’ program supporting over 120 early-stage entrepreneurs
- Launched a commercial kitchen pilot with 45 businesses

#### POTENTIAL FUTURE INVESTMENTS

- Complete build out of a health-adjacent incubator/coworking space
- Development of a commercial kitchen incubator
- Development of a music industry incubator
- Work with the Province to support added WRSBC program capacity

TABLE 6 - TOP 5 INDUSTRIES IN THE KITCHENER CMA BY NUMBER OF SMALL BUSINESSES (1-49 EMPLOYEES)



Source: Statistics Canada, Canadian Business Counts, June 2025

## 4. AFFORDABLE & ATTAINABLE HOUSING

### CURRENT AREA OF FOCUS

Amidst an affordable housing crisis, the City has taken major steps to increase the local supply of housing. Streamlined regulatory processes, relaxed development requirements and innovative policies have enabled new supply. Land leases and land donations have directly created new affordable units.

**Staff Recommendation: that the City’s efforts on affordable housing continue to be focused through the Housing For All strategy and the work of Planning staff.**

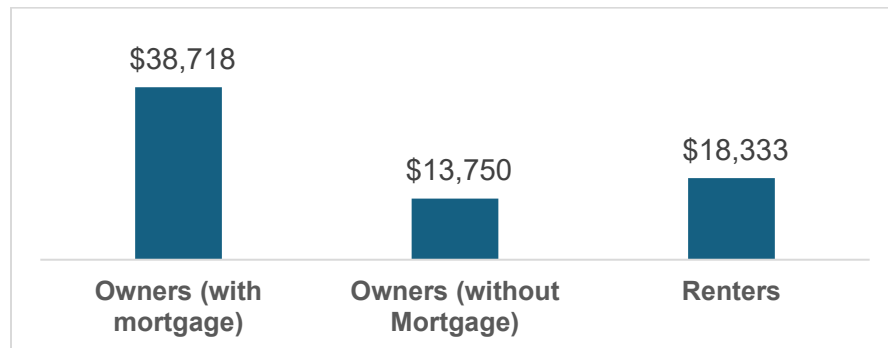
### LOCAL STRENGTHS

- Since 2023, Kitchener Council has approved 16,150 new dwelling units and building permits have been issued for 8,088 units
- ‘Growing Together’ introduced one of the most permissive and flexible land-use planning frameworks in Canada
- A diverse and sophisticated home building industry

### KEY TRENDS

- In the past years, Kitchener’s population growth has outpaced the number of units created
- Higher interest rates, higher costs, economic uncertainty and a decrease in student population has slowed demand for new housing
- The GTA experienced a 60% decline in condominium sales in 2025
- Housing supply can constrain economic growth

TABLE 7 – AVERAGE ANNUAL SHELTER COSTS IN CANADA, 2023



Source: Statistics Canada, Survey of Household Spending, 2023

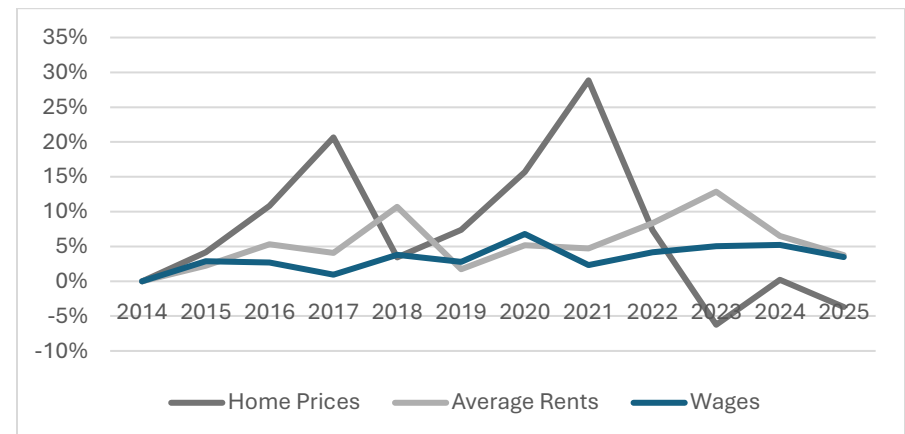
### INVESTMENTS & WORK TO DATE

- \$5.5 million land donation to Habitat for Humanity
- \$2.57 million land lease for YWCA
- \$1.5 million land lease for Reception House
- Alignment of the City’s Planning services to provide focused support for housing policy and approvals

### POTENTIAL FUTURE INVESTMENTS

- Potential redevelopment of lands at the Charles Street Terminal in partnership with the Region of Waterloo
- Use of City-owned lands to support new housing developments
- Ongoing implementation of the Housing for All strategy

TABLE 8 – YR/YR PERCENT CHANGE IN HOUSING COSTS AND WAGES



Adapted from Cornerstone Association of Realtors, CMHC and Statistics Canada

## 5. A VIBRANT, ACTIVE CITY

### *CURRENT AREA OF FOCUS*

Emerging from the pandemic, the City placed a major focus on bringing Kitchener back to life. Today, the community’s festivals, theatres and cultural attractions draw more than 600,000 visitors to the downtown alone. In 2026, ‘Kitchener Live’ will create an opportunity to reach even larger audiences.

**Staff Recommendation: continue to advance Kitchener Live and consider the development of a major tourism draw in Downtown Kitchener.**

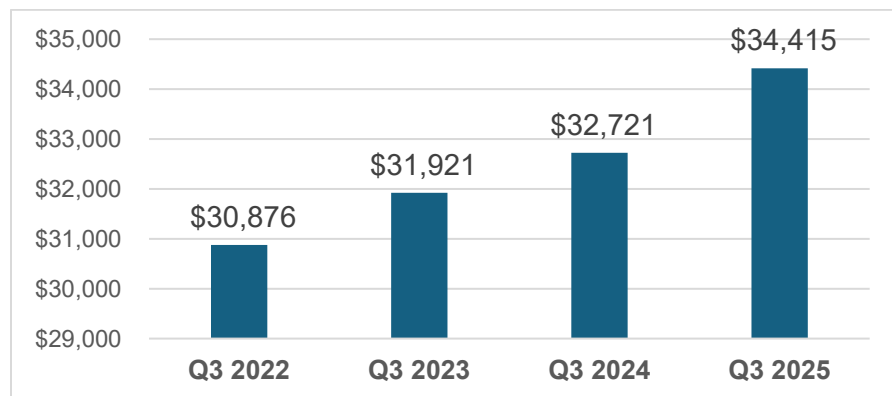
### LOCAL STRENGTHS

- 10+ major annual festivals
- 4 City-owned performing arts venues
- 4 core cultural institutions
- King Street as a focus of pedestrian activity
- Downtown Kitchener BIA has invested heavily in events/programs

### KEY TRENDS

- Work-from-home trends within the office market continues to impact vibrancy in Downtown Kitchener with reduced daytime foot traffic
- Rising food, labour and utility costs are impacting restaurant viability
- Canadian spending on ‘Entertainment’ grew by 10% in 2025, the fastest growing segment of consumer spending

TABLE 9 – HOUSEHOLD SPENDING ON REC & CULTURE, CANADA



Source: Statistics Canada, Detailed household final consumption expenditures, November 2025

### INVESTMENTS & WORK TO DATE

- Assumed ownership and operation of the Conrad Centre
- Development of the Gaukel Block
- New signature festivals such as Endless Summer, Caribana Ignite, and the DTK BIA’s Far East Asian Night Market
- Investment in THEMUSEUM achieving financial sustainability

### POTENTIAL FUTURE INVESTMENTS

- Continue to invest in new major festivals that draw tourism
- Continue to build Kitchener Live as a destination brand and ticketing platform
- Consider development of a major tourism draw in Downtown Kitchener

TABLE 10 – FESTIVAL ATTENDANCE



Source: Various mobile data reports.

## 6. TRANSFORM THE DOWNTOWN OFFICE MARKET

### EMERGING AREA OF FOCUS

The prevalence of hybrid and remote work, among other factors, has reduced demand for office space across North America with a preference for smaller, higher quality office space. In Downtown Kitchener, this has led to a 40% office vacancy rate, one of the highest in Canada.

**Staff Recommendation: Develop a bold, ambitious plan for Downtown Kitchener, including a collaborative effort with the business community to transform the downtown office market.**

### LOCAL STRENGTHS

- Downtown Kitchener has ~3.5 million square feet of office space
- New office buildings, such as 345 King and the Glove Box form a portion of the 1.3 million square feet of Class A office space
- Minimal suburban office vacancy

### KEY TRENDS

- Downtown 'Trophy' office space (top quality space) in Canada has a vacancy rate of 7.1% as compared to 15-19% for all other office space
- Tech hubs, such as San Francisco, Austin and Seattle, tend to have the highest vacancy rates among US cities, between 25-27% in 2025.
- Opportunities for collaboration, amenities and experiences are driving a return to office

### INVESTMENTS & WORK TO DATE

- Communitech, Velocity, the Waterloo Region Small Business Centre, etc., are building a pipeline of startup companies as potential tenants
- Medtech companies are more likely to require physical office space

### POTENTIAL FUTURE INVESTMENTS

- Develop a bold, ambitious plan for Downtown Kitchener, including catalytic investments that spur on private investment
- Consider ways to support office building owners in creating high quality office space, rich with amenities
- Consider a major business attraction effort
- Consider programs that support property owners repurposing office space for new uses

TABLE 11 – DOWNTOWN KITCHENER OFFICE VACANCY RATE

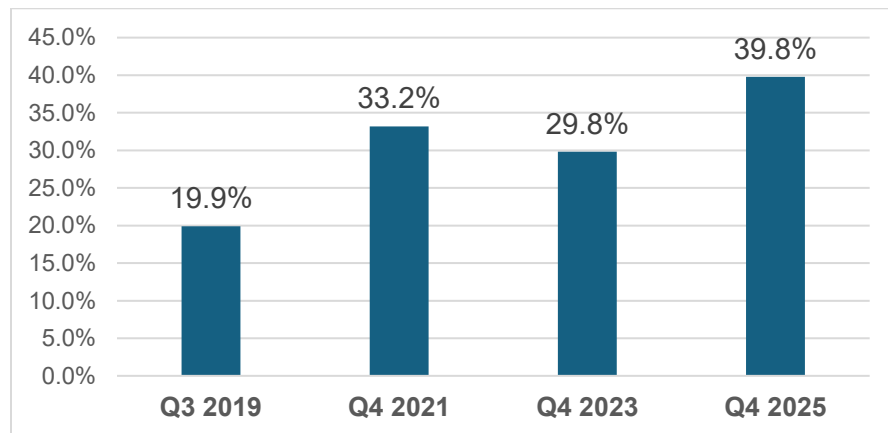
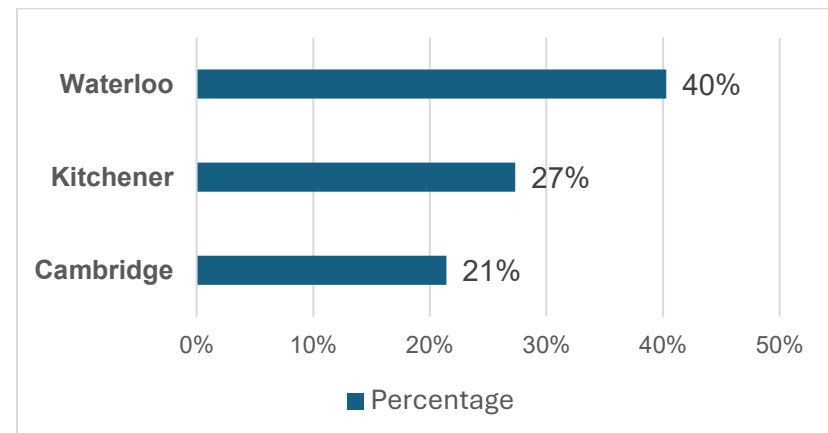


TABLE 12 – PERCENTAGE OF RESIDENTS WHO WORK FROM HOME, 2021



Source: Colliers Waterloo Office Market Report (various)

Source: Statistics Canada, 2021 Census

## 7. DIVERSIFY OUR ECONOMY

### EMERGING AREA OF FOCUS

The trade and tariff war, artificial intelligence and hybrid work all have the potential to reshape Canadian economies. To adapt, Kitchener could focus supports in attracting and developing new local industries that are less susceptible to these major changes.

**Staff Recommendation: Launch a collaborative Business Attraction, Retention & Expansion effort with Waterloo EDC to support diversification.**

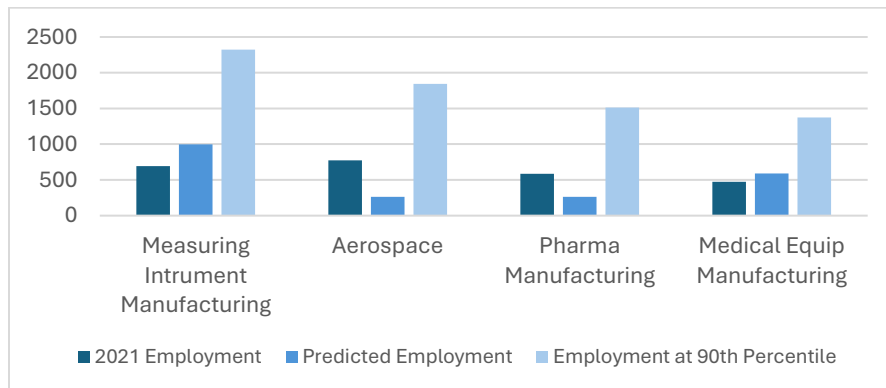
### LOCAL STRENGTHS

- Industry strengths in ‘Data Processing’, ‘Motor Vehicle Manufacturing’, ‘Engine, Turbine, and Power Transmission Equipment Manufacturing’ and ‘Software’ (NAICS industry codes)
- Waterloo Region has a large share of employment in education, driven by the local post-secondary institutions
- Patenting strengths in ICT, telecommunications and electronics

### KEY TRENDS

- Based on the current global economic climate, goods producing businesses with products that are easily tradable across long distances are most likely to be successful
- Businesses with products and services that are not highly susceptible to AI-based automation are more likely to see long-term stability

TABLE 13 – PREDICTED EMPLOYMENT BY INDUSTRY, KITCHENER CMA



Source: Eric Protzer, Minerva, 2025

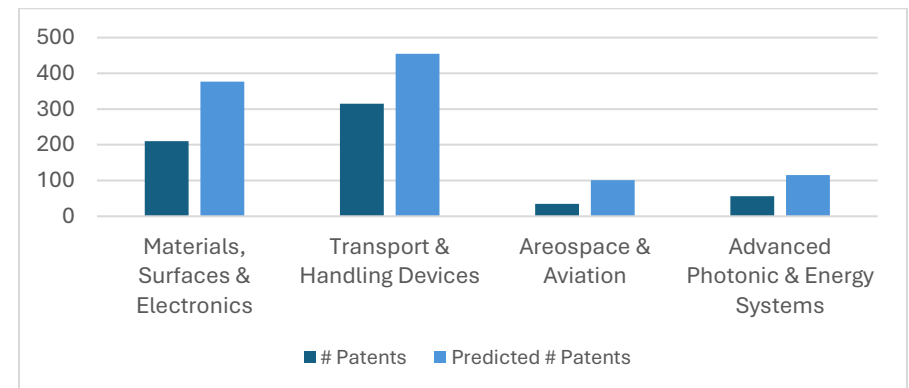
### INVESTMENTS & WORK TO DATE

- Beginning in 2004, the City of Kitchener invested in diversifying the economy with investments in health (UW School of Pharmacy, McMaster School of Medicine) and tech (Communitech, UW Velocity)
- Investments in the Innovation Arena support diversification in health
- Ongoing investment in Waterloo EDC supports foreign, direct investment and the attraction of new companies to the region

### POTENTIAL FUTURE INVESTMENTS

- Launch a Business Attraction, Retention & Expansion effort
- Work with Waterloo EDC on attracting industries that are tradeable over long distances and not intensive in highly-automatable tasks
- Engage post-secondary institutes on program design to feed diversification opportunities

TABLE 14 – PREDICTED PATENT CLUSTERS, KITCHENER CMA



Source: Eric Protzer, Minerva, 2025

## 8. LEAN INTO ARTIFICIAL INTELLIGENCE

### EMERGING AREA OF FOCUS

Artificial Intelligence is widely predicted to be one of the most transformative technologies of the modern era. While some companies may use it to automate jobs, many will use it to create new services and innovations, ultimately creating new jobs.

**Staff Recommendation: Support organizations, like Communitech and the Waterloo Region AI Coalition to lead local industry transformation.**

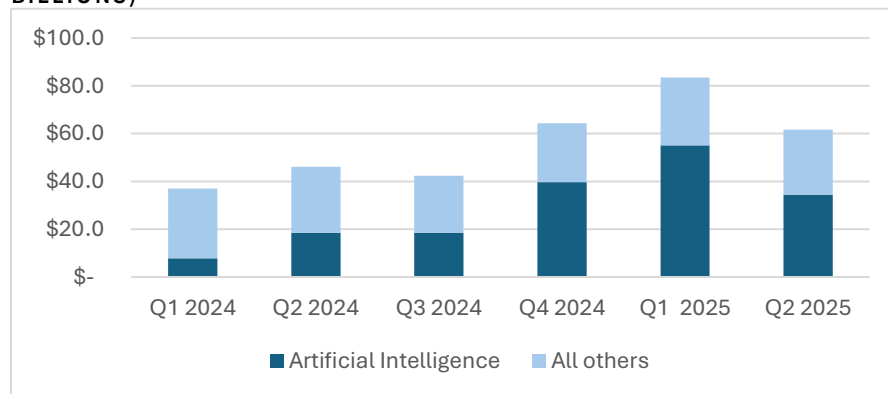
### LOCAL STRENGTHS

- The University of Waterloo’s Data & Artificial Intelligence Institute leads cutting-edge research and collaboration
- Waterloo region has more than 135 AI companies
- Toronto-Waterloo Region Corridor has the most AI PhDs in Canada
- Waterloo region remains one of the most cost-effective ecosystems in North America to operate a tech company

### KEY TRENDS

- In 2024, 30% of venture capital investments in Canada were in AI
- Local experts anticipate that AI will be a mandatory component of every tech-based startup seeking venture capital in the coming years
- Use of AI will shift from ‘seeking efficiencies’ to ‘full integration’, enabling individuals to achieve peak productivity
- Startup growth is expected to be focused on AI-based applications

TABLE 15 – VENTURE CAPITAL INVESTED IN NORTH AMERICA (IN BILLIONS)



Source: Crunchbase data, Quarterly Reports, Q2 2025

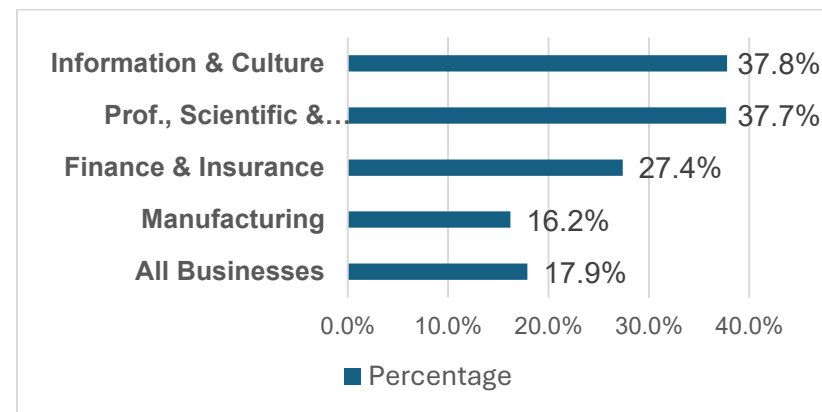
### INVESTMENTS & WORK TO DATE

- The City, through the Waterloo Region Small Business Centre, is a member of the Waterloo Region AI Coalition
- Exploration underway with the UW Future of Work Institute
- Development of a Digital Kitchener strategy & Innovation Lab

### POTENTIAL FUTURE INVESTMENTS

- Consider partnership agreements with local experts in AI to lead local industry transformation
- Consider providing training opportunities through the Waterloo Region Small Business Centre to enable the local adoption of AI by small and medium sized enterprises
- Continue the focus of the City’s Innovation Lab on integrating AI into municipal services

TABLE 16 – PERCENTAGE OF COMPANIES IN CANADA PLANNING TO ADOPT OR INTEGRATE AI INTO THEIR BUSINESS OPERATIONS (2026)



Source: Statistics Canada, June 2025

## 9. SUPPORT LOCAL

### EMERGING AREA OF FOCUS

During times of economic uncertainty, it is common for consumer confidence and spending to decline. Typically, discretionary spending (ex: travel, dining, entertainment, services) are impacted the most. Canadian preference to shop local, shop Canadian, could counterbalance decreased spending.

**Staff Recommendation: integrate ‘support local’ initiatives into staff’s program delivery with a focus on supporting small businesses.**

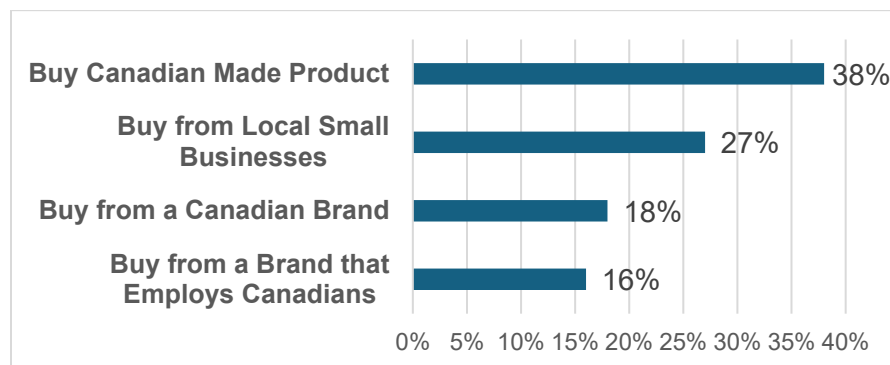
### LOCAL STRENGTHS

- The Kitchener CMA is home to more than 13,000 active businesses
- In 2025, the number of new businesses matched the number of businesses that closed, however, while the number of companies with 1 to 4 employees grew, the number of companies with 5 to 19 employees decreased

### KEY TRENDS

- Goods inflation (CPI) has increased at a similar rate to the United States but Canadian wage growth has been much slower
- The Kitchener CMA unemployment rate was 8.3% in December 2025
- The percentage of Canadians dining out weekly declined from 33% to 27% in December of 2025 (year-over-year)
- TD Bank reports that consumer spending grew by 5.4% in 2025 with spending on services outpacing purchases of goods

TABLE 17 – HOW CANADIANS PLAN TO PRIORITIZE SUPPORTING LOCAL IN 2026



Source: TD Survey, 2025

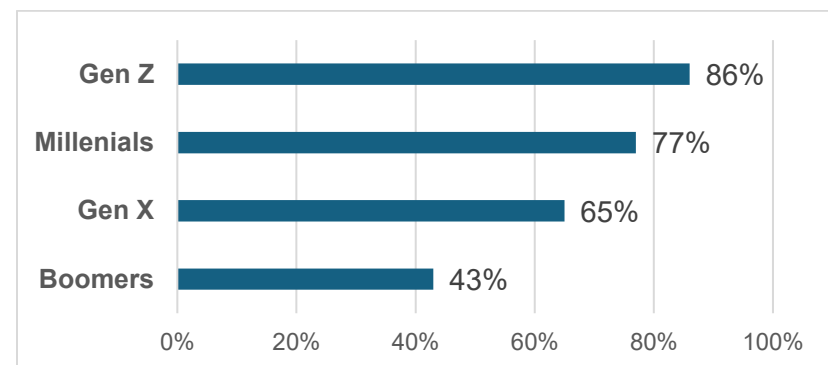
### INVESTMENTS & WORK TO DATE

- In 2025, the City made more than 40 improvements to permitting processes to make starting a business easier
- In 2025, the City launched a Love Local campaign, promoting residents to support local businesses
- The WRSBC supports more than 200 small businesses each year through direct training programs and grants

### POTENTIAL FUTURE INVESTMENTS

- Undertake a Downtown Retail Attraction effort to attract and diversify new main street businesses to the core
- Continue to promote ‘Shop Local’
- Seek Provincial and/or Federal funding to boost the capacity of the WRSBC to provide training to more businesses
- Continue funding ‘Pitch Kitchener’

TABLE 18 – PERCENTAGE OF CANADIANS WHO PLAN TO CUT BACK ON SPENDING IN 2026



Source: TD Survey, 2025

# **ECONOMIC DEVELOPMENT ADVISORY COMMITTEE INPUT**

The City's Economic Development Advisory Committee (EDAC) has been engaged in the refresh of Make It Kitchener 2.0 throughout the Fall of 2025 and early 2026. The following is a high-level summary of their input to date:

## **ASSESSING THE ECONOMIC CHALLENGES**

Of the economic challenges facing our community, EDAC identified the following as the top economic concerns:

- Consumer Confidence – the potential impact on local businesses due to decreased consumer spending
- Inflation/increases in the costs of goods, labour, cost of living, etc.
- Affordable housing supply and availability
- Potential growth impacts due to the current water supply challenges
- Impacts of reduced immigration (access to labour, skilled workers to support economic growth, reduced consumers, etc.)

## **ASSESSING THE CURRENT AREAS OF FOCUS**

EDAC agreed that Health Innovation, City-wide Startup Network, Affordable/Attainable Housing and Vibrant/Active City should remain priorities for the City. EDAC wants to see a stronger business case to support future investments in Creative Industries (ex: localized data, return on investment, clear targets/metrics of success).

## **KEY THEMES MOVING FORWARD**

EDAC wants to see the City continue to advance a bold economic development strategy. The following are potential themes of importance the committee identified which should be considered when refreshing Make It Kitchener 2.0:

- Support the creation of innovation and creative hubs
- Lead the attraction of new major businesses to Kitchener
- Invest in cultural assets, attractions, amenities, affordable housing, etc.
- Review and control critical local infrastructure needed to ensure sustainable growth
- Lead the revitalization of Downtown Kitchener (ex: drive spinoff growth from the future Central Transit Terminal)
- Advance key local partnerships when implementing strategies
- Advocate for key infrastructure (such as Highway 7, All-day Go, etc.)

## **STAKEHOLDER ROUNDTABLES**

The City hosted 3 round table discussions with more than 35 business leaders representing a diversity of industry sectors.

### **KEY ECONOMIC CHALLENGES**

The following is a sample of key and common challenges raised:

- Access to talent is critical and may become challenged by both an increasing cost of living and the reduction of international students
- Global economic uncertainty and trade impacts
- Significant downtown office vacancy due to hybrid work
- Need to increase downtown vibrancy
- Development proformas are largely not viable at the moment
- Lack of excitement in the region and the need for a major catalytic initiative that can drive private sector investment
- Inefficient business processes at various levels of government
- The need for core infrastructure for a growing city
- Increasing utility costs, taxes, labour, etc., make it challenging for certain industries to be profitable and competitive

### **POTENTIAL GROWTH OPPORTUNITIES & INVESTMENTS**

The following is a sample of key and common opportunities raised:

- A bold vision for downtown with major investments that rally the private sector (ex: convention centre, arena/entertainment facility)
- Continue to support “buy local” and continue to improve access to government procurement opportunities for local businesses
- Continue to support health innovation by enabling access to customers and validation services/facilities
- Continuously streamline business and development processes.
- Drive city-wide adoption of AI
- Become global leaders of startups focused on AI & Quantum
- Increase local vibrancy, amenities and services (ex: physicians, daycare) to attract and retain top talent