THE ROLE OF OFFICE INDUSTRIES IN DEVELOPMENT PLANNING

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Abstract

Industrial Development has tended to be oriented to the attraction of manufacturing facilities. This paper discusses the trend towards service industries in the North American Economy, and the potential impact of developing office industries on a local economy. The literature on office location theory is reviewed and the results of the literature review are related to decentralization of offices to a planned new town near Metropolitan Toronto. The results of a survey of Toronto offices is presented and the results compared to that of the literature. Policy recommendations are proposed for the new town to attract office developments.

I. Introduction

The objective of industrial development activity is to create employment opportunities in the local area, to add wages and salaries and to increase the local tax base. Historically, the principal approach to attaining these industrial development objectives has been to attempt to attract manufacturing industries to the local area [1, 3].

Since World War II there has been an important change in the structure of employment in North America. The proportion of employment in the United States manufacturing sector has declined from 31 percent in 1960 to 26 percent in 1973.

A number of studies have recently been undertaken in an attempt to describe future employment distributions [6]. This research leads one to expect that manufacturing will represent a declining proportion of employment, while the service industries are expected to significantly increase as a proportion of total employment.

Based upon these trends, planners have begun to concentrate some of their effort at attracting office and other types of service employment to their area. In addition to being a growing sector in the economy, office employment offers additional benefits to the community, such as:

1. Minimal environmental impact.
2. Creation of high income employment.

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III. Two Categories of Service Activity

It is possible to identify two types of service employment activities. These two types can be referred to as population-serving and higher-order service.

As the name implies, population-serving can be considered as those types of service occupations which are associated with the amount of population in the area. It is possible for the planner to analyze the amount of population-serving employment that would be expected with a given population size and compare this expected level of population-serving employment to the amount which actually exists in the area. It may be that the area is under-serviced with respect to population-serving activities.

The under-serving may come about because residents of the area obtain some of their services in adjacent areas. An example of this might be furnished by the shopping patterns of residents in the local area who purchase items at a regional shopping centre which is located in another jurisdiction.

Based upon this type of analysis it may be possible to identify sectors where additional population-serving activities can be attracted to the area.

However, of greater significance is the creation of higher-level service activities. These functions, such as head office functions of major corporations, can be more "footloose" in nature. Because of their ability to locate in a number of areas, there is more potential for these types of activities to be attracted to the local area. In general, one can define higher-order service functions as those activities which serve an area broader than that of the local area under study. In this respect, such activities can be compared to those manufacturing industries which are called "basic" under the export base theory of regional development [8].

The ability of a particular area to attract higher-order service functions is, of course, dependent upon a number of factors. In order to attract major corporations, it is probable that significant population concentrations would be required. This is necessary because such firms would require significant amounts of labour as well as a number of support services in the area. In addition, such activities would normally require the presence of a major airport in order for company executives to function effectively across North America, and internationally.

Nonetheless, there is scope for smaller areas to attract types of higher-order service activities. For example, the establishment of regional insurance centres may be subject to some discretion and the ability of one area to attract such activities vis-a-vis another area can be an important factor in an industrial development strategy.

III. A Case Study of the Potential for Office Decentralization

We have recently completed a study with respect to the potential to decentralize certain office functions from Metropolitan Toronto to a new community.