EMPLOYMENT SPACE: SUPPLY & DEMAND TO 2031

For Discussion

Step 2: Projecting the Future

Metropolitan Core Jobs & Economy Land Use Plan

Introduction

The purpose of the Metro Core Jobs and Economy Land Use Plan is to ensure enough land (through zoning and land use policy) for future job growth and economic activity in the Metro Core.

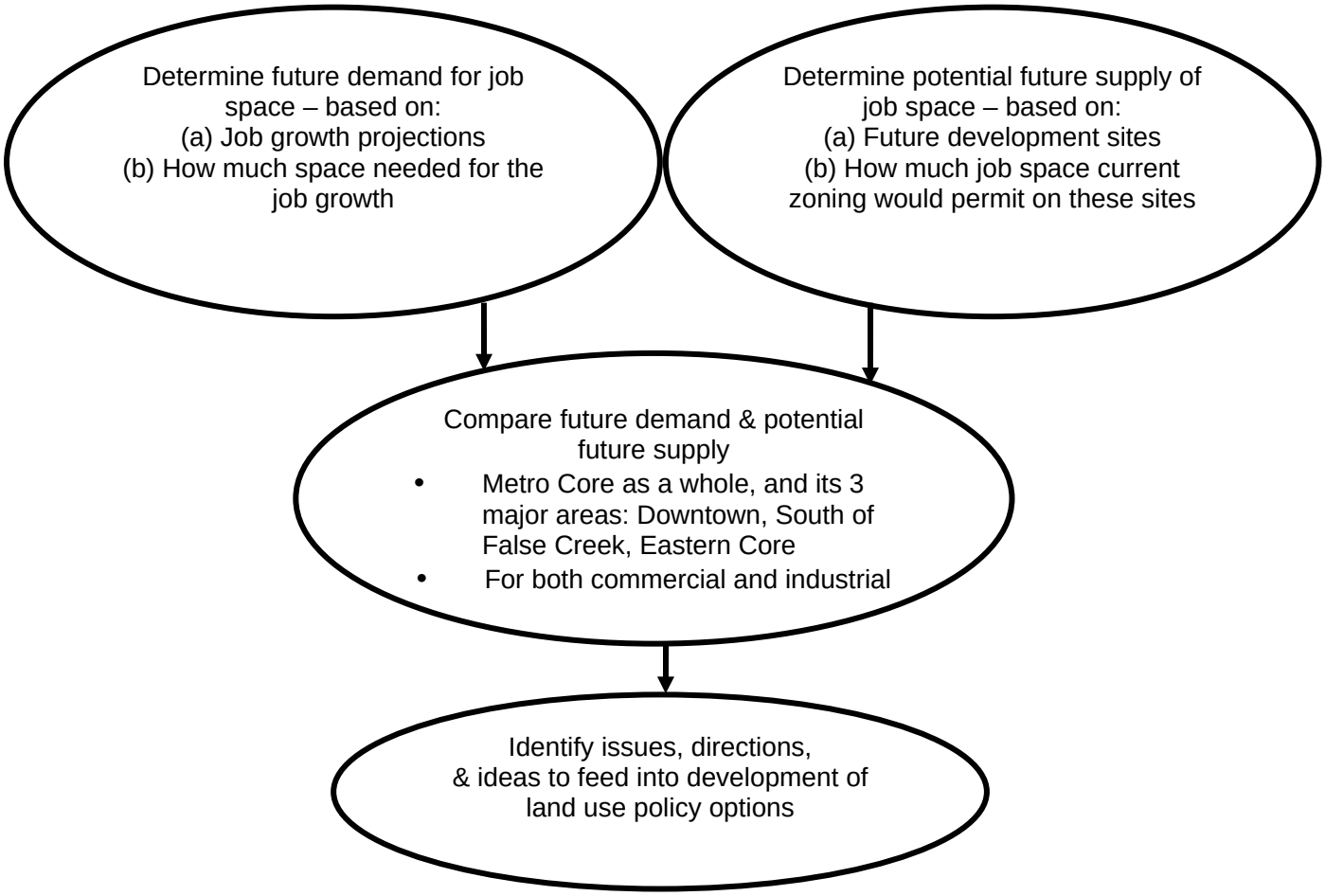
Step 1 of this work, *Understanding Yesterday and Today*, provided detailed information on trends over the past 30 years.

This report provides a summary of the findings and methodology of Step 2 – *Projecting the Future*. The highlights of the findings are as follows:

- Projections to 2031 show continued and diverse job growth in the Metro Core, with the area remaining the largest job concentration in the region.
- Current zoning in the Metro Core can accommodate much of this job growth.
- However, in the medium to longer term, demand for job space could exceed what current zoning could supply, especially in the Downtown.
- There are a number of ways to change zoning and related land use policies to ensure that there will be enough supply into the future.

Along with Step 2 of the study is Step 3, to identify the issues arising from these projections, and to generate directions and ideas. In the final step, Step 4, the ideas will be developed into more detailed policy options and the final Metro Core Jobs and Economy Land Use Plan.

PROJECTING THE FUTURE – OVERALL APPROACH



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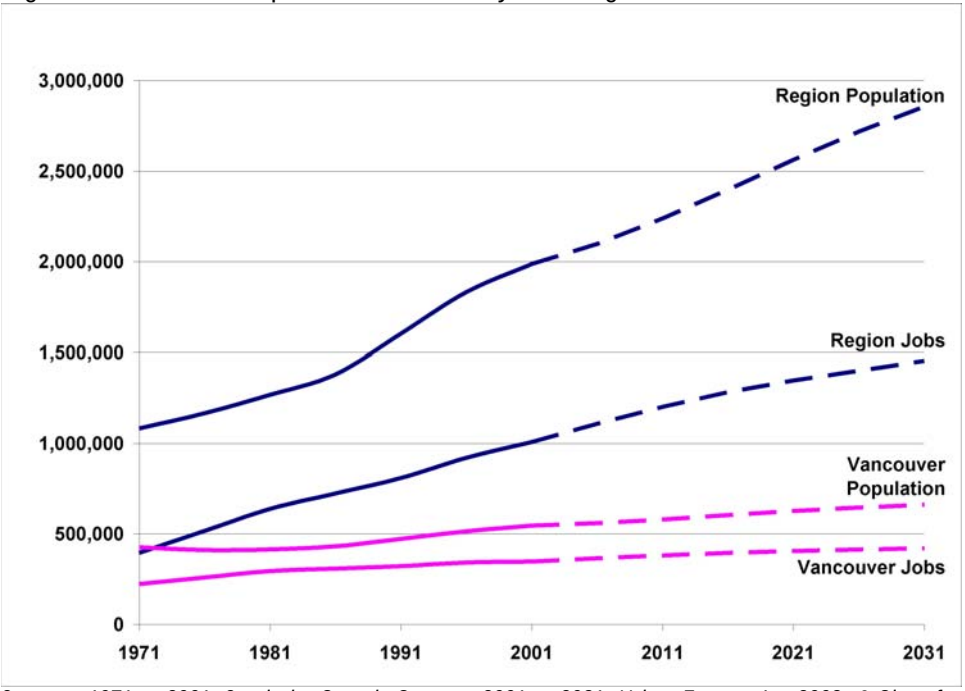
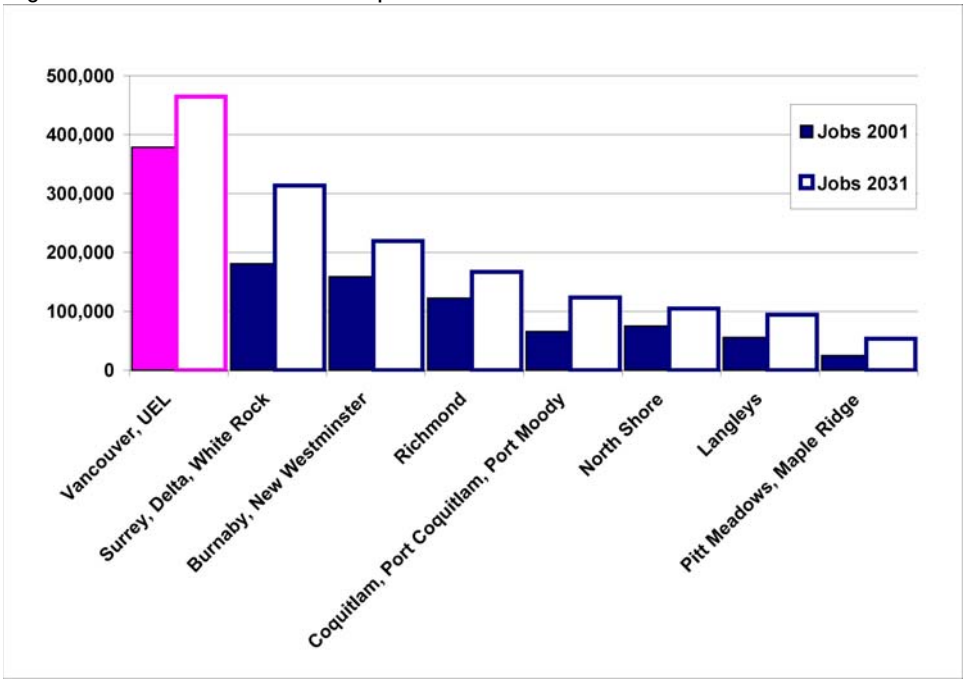
FUTURE DEMAND FOR JOB SPACE

Figure 1: Jobs and Population in the City and Region 1971 - 2031



Sources: 1971 to 2001- Statistics Canada Census. 2001 to 2031: Urban Futures Inc.2003. & City of Vancouver Planning Dept. in consultation with Urban Futures Inc.

Figure 2: Jobs in GVRD Municipal Areas: 2001 and 2031



Sources: Urban Futures Inc. 2003. Note: Data include estimate of Census undercount.

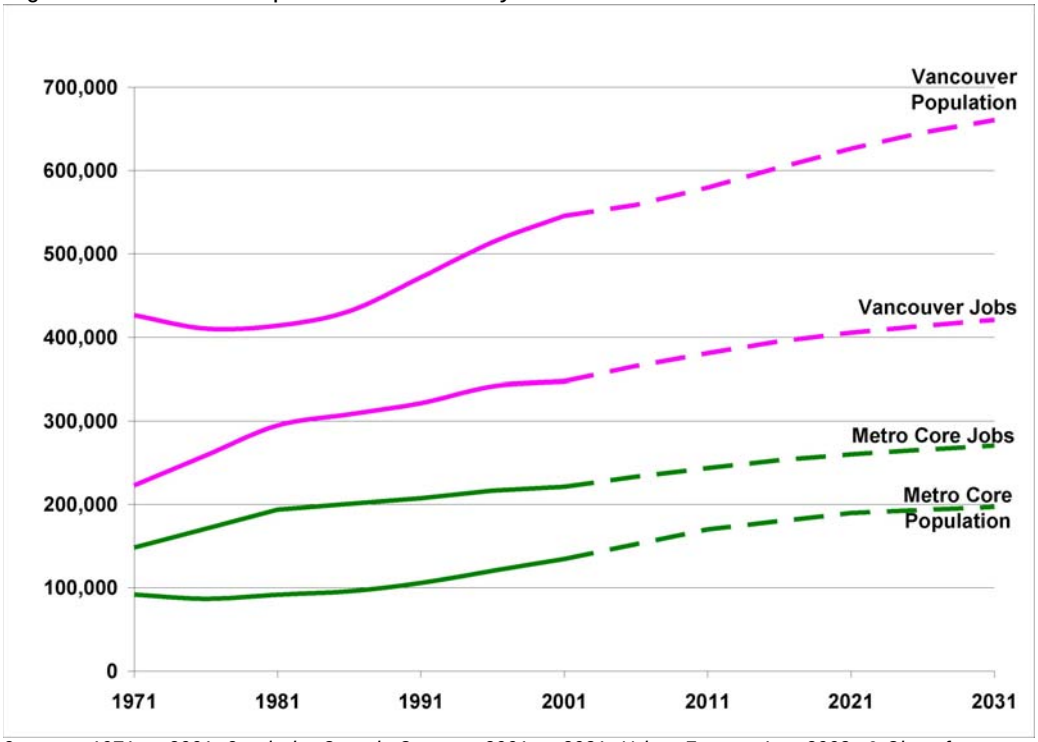
The demand for future job space depends upon the number and types of jobs that are projected to be in the Metro Core. Job projections in this study are based on work produced by Urban Futures Incorporated for the GVRD Planning Department in the Summer of 2003. These projections are the most comprehensive available. They provide detailed job and population projections based on economic factors, such as provincial GDP, and demographic factors such as birth rates and immigration. The detailed methodology for the projections is available in two reports. Please see Parts 1 and 2 of A Context for Change Management. http://www.gvrd.bc.ca/growth/publications.htm.

The regional population grew by about 30,000 people per year, 1971 to 2001. The projections show this rate of growth continuing through 2031 when the regional population is projected to approach 2,900,000. Vancouver's population is projected to grow at an average of about 3,900 per year for the next 30 years - topping 660,000 by 2031 (Fig. 1).

The relationship between jobs and population is expected to continue with about 50 jobs for every 100 residents in the region and 64 jobs for every 100 residents in Vancouver. By 2031, there would be almost 1,500,000 jobs in the Greater Vancouver region. Of this total, 420,000 jobs would be in the City of Vancouver (Fig. 1).

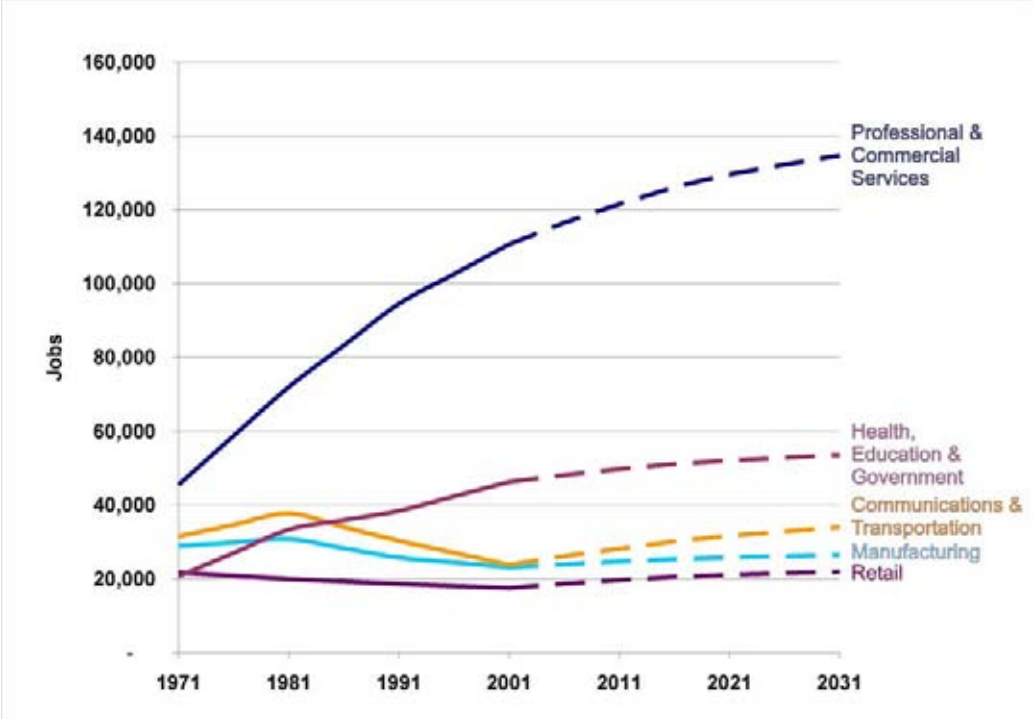
The projections show that Vancouver retains its role as the major concentration of jobs in the region. In 2031, Vancouver and the University Endowment Lands are projected to continue to have more jobs than any other GVRD municipal area (Fig. 2).

Figure 3: Jobs and Population in the City and Metro Core 1971 – 2031



Sources: 1971 to 2001- Statistics Canada Census. 2001 to 2031: Urban Futures Inc. 2003. & City of Vancouver Planning Dept. in consultation with Urban Futures Inc.

Figure 4: Jobs by Economic Sector Group in the Metro Core 1971 – 2031



Sources: 1971 to 2001- Statistics Canada Census. 2001 to 2031: Urban Futures Inc. 2003. & City of Vancouver Planning Dept. in consultation with Urban Futures Inc. See Table 3 in Appendix for a list of the sectors in each grouping.

Within the city, jobs and population are projected to continue growing in the Metro Core. The Metro Core is the largest concentration of jobs in the City of Vancouver with 64% of the city's jobs. This share of city jobs has held steady for 30 years and is expected to continue through 2031 when jobs in the Metro Core exceed 270,000 (see Metro Core Share of City Jobs information sheet created for this study) (Fig. 3).

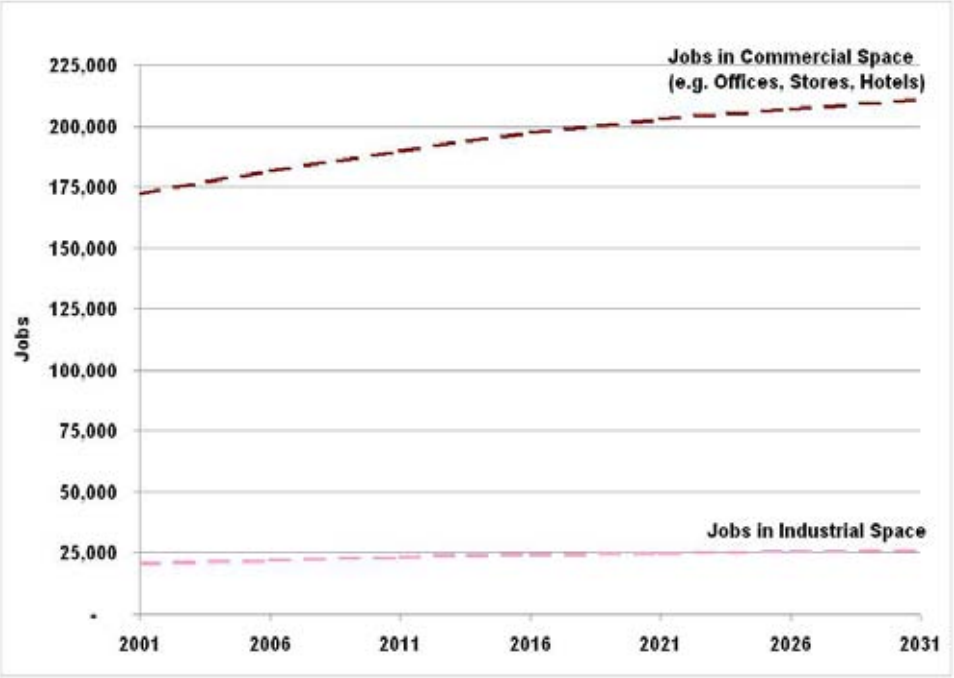
The projections of Metro Core job growth show strongest growth in historically growing sectors (Fig. 4). These are:

- Professional, commercial and personal services - which includes: business sevices such as legal and computer services; food and accommodation; and finance, insurance and real estate. Business services is the largest component of this group.
- Health, education and government; where health is the largest component.

Jobs in retail are also projected to grow. For example, continued population growth supports more retail. This can already be observed in the Downtown Peninsula where retail jobs were declining until residential development picked up in the 1990s (see Employment Change – Metro Core Retail Information sheet created for this study).

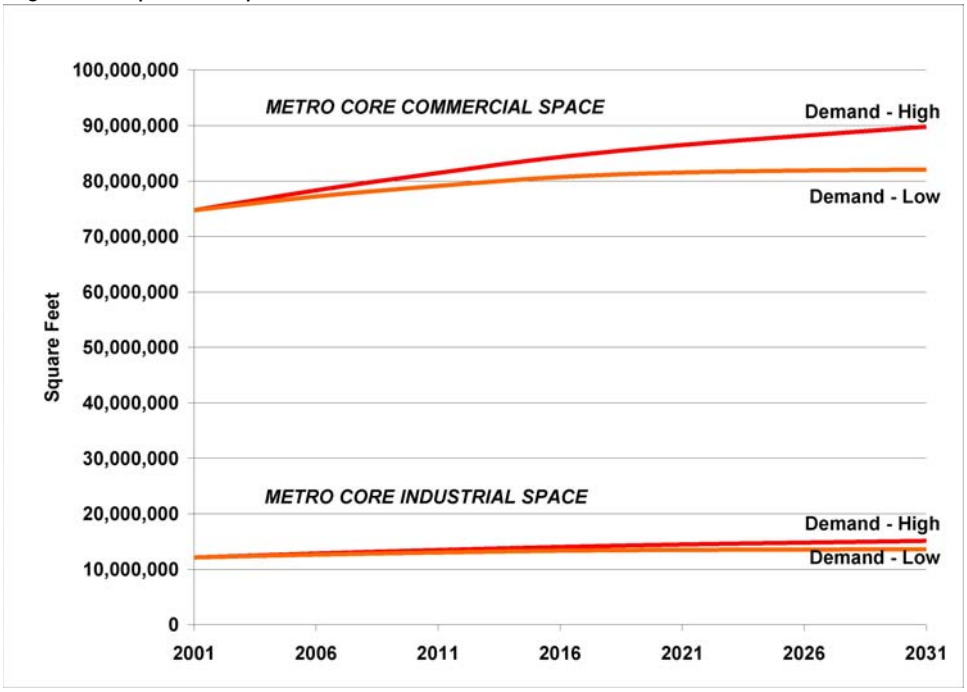
In the remaining sectors, job losses after 1981 occurred mainly in waterfront areas with the loss of sawmills and rail yards. Projections show moderate job growth in these sectors going forward. Growth is expected in modern activities like broadcasting (part of the communications sector), bakeries (part of the food manufacturing sector) and digital print shops (part of the manufacturing sector) . Much of this growth serves the growing number of businesses and residents in the city (Fig. 4).

Figure 5: Jobs in Metro Core by Space Type 2001 - 2031



Sources: Job projections are produced by Urban Futures Inc. Jobs in each sector are assigned to a type of space by staff at the City of Vancouver Planning Department. Note: Figure 5 does not include jobs held by people who work at home or have no fixed workplace address. These jobs were not assigned to commercial or industrial space.

Figure 6: Space Requirements for Metro Core Jobs 2001 - 2031



Source: City of Vancouver Planning Department. Notes: Future demand includes a vacancy rate component, which was set to the average observed in historical data: 9.3% for Downtown office; 2% for Downtown retail; 7.2% for office in South of False Creek and Eastern Core; 7% for retail in South of False Creek and Eastern Core; and 3% for industrial space.

Jobs are found in many types of built space (e.g. office, retail, hotel, industrial). In this study, jobs in each type of space are aggregated into two types, commercial and industrial. This aggregation was necessary since the purpose of this study is to ensure that land in the Metro Core can accommodate future job growth, and city zoning does not generally distinguish between types of employment space - beyond commercial and industrial.

Jobs were translated into space by matching jobs by economic sector from the 2001 Census to a detailed floorspace inventory as measured by the BC Assessment Authority and City of Vancouver. For example, manufacturing jobs Downtown were matched to office space because the administration of this sector uses office space, while manufacturing jobs in industrial areas were matched to industrial space (Fig. 5).

Jobs in each type of space were then converted into future space requirements using estimates of gross floorspace per worker (FSW) (includes lobbies, halls, etc, and a vacancy rate factor) (Table 8 in Appendix).

Two scenarios were created for demand for each type of space (Fig. 6). The commercial space Demand-High scenario calls for an additional 15 mil. sq. ft. between 2001 and 2031. This scenario assumes:

- no change in the work at home share of total jobs.
- a 4% increase in retail FSW over 30 years (to account for the trend towards large format retailing).
- no change in office FSW.

The commercial space Demand-Low scenario calls for an additional 4.8 mil. sq. ft. and assumes:

- a 2.4% increase in the work at home share of total jobs over 30 years (GVRD trend '96 to '01).
- no change in retail FSW.
- a 10% reduction in office FSW over 30 years (based on the rate used for sensitivity testing by the GVRD and the City of Calgary).

Jobs in industrial space will require an increase of between 1.4 and 2.8 mil. sq. ft. (2001 - 2031). Demand-High assumes no change in the FSW, while Demand-Low assumes a 10% reduction in FSW over 30 years.

POTENTIAL FUTURE SUPPLY OF JOB SPACE

Map 1: Generalized Zoning in the Metro Core

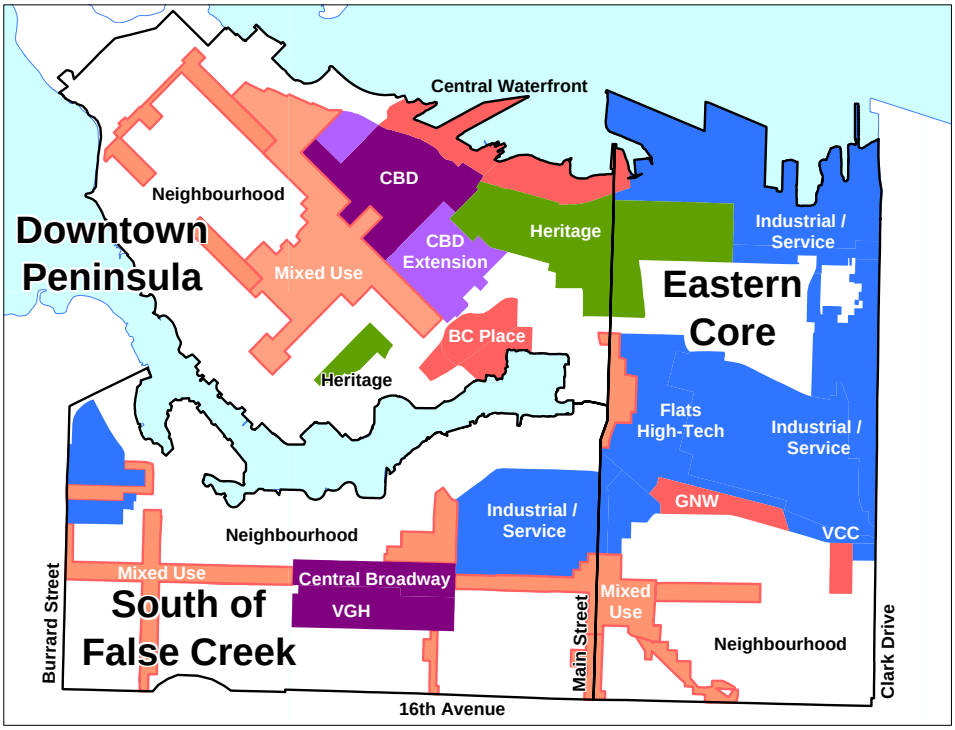
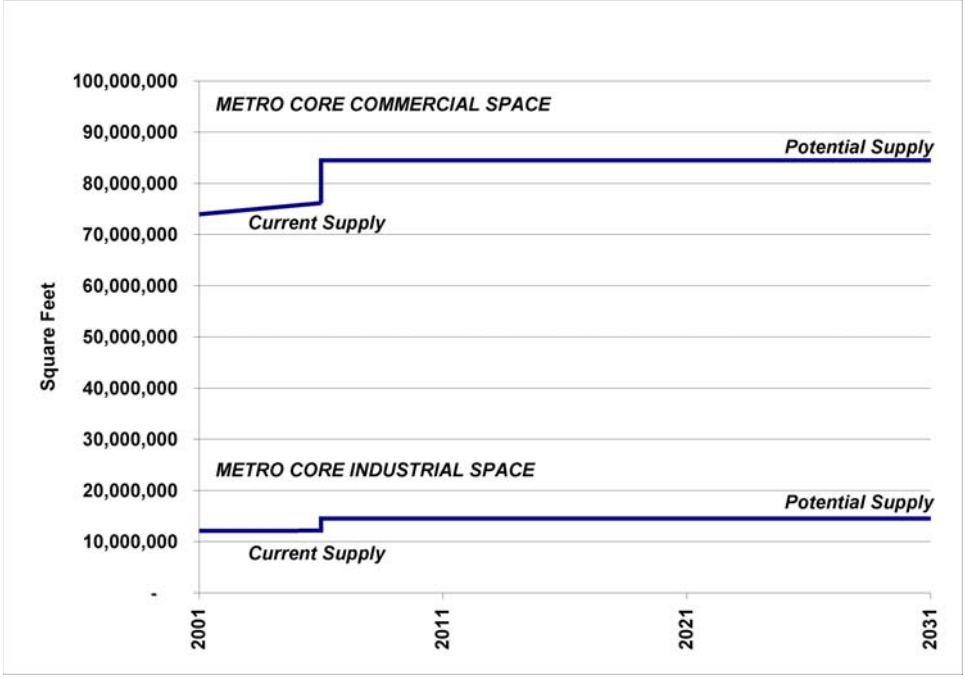


Figure 7: Potential Supply of Employment Space - Metro Core



Source: City of Vancouver Planning Department.

The potential for growth in employment space depends upon the characteristics of each site in the Metro Core. Characteristics like building age and size, height limits, site consolidation, and ownership patterns were used to determine whether a site is likely to redevelop. A site by site analysis was used to incorporate these complexities and identify sites that are likely to redevelop within the next 25 years. To further confirm the analysis, development sites Downtown and in Central Broadway were reviewed by City staff and 35 commercial property brokers at 3 firms.

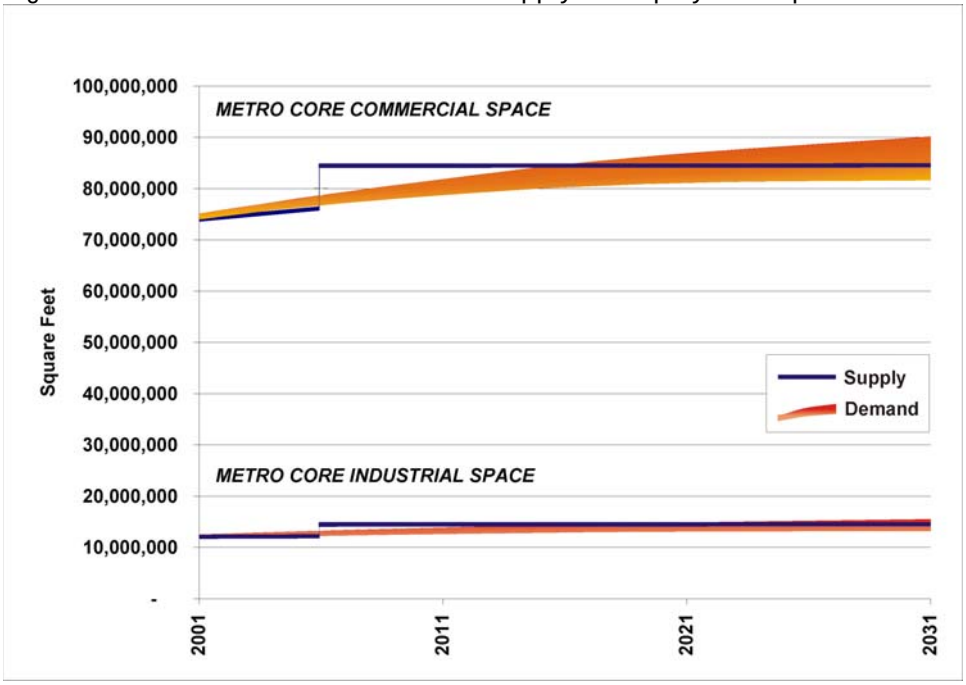
For those sites that are likely to redevelop, current city zoning and development trends were used to determine the realistic potential for new employment space on the site. City zoning dictates the maximum amount of employment space that can be built on each site. Development trends identify how much of that maximum is usually built. There are many areas of the Metro Core where new developments do not always provide the maximum amount of employment space that is allowable. For example: in mixed use areas, where the zoning permits both commercial and residential uses, developers generally build residential; and in industrial areas, developers often do not build to the maximum allowed (although density in these areas has been increasing) (Map 1).

This analysis indicates that, under current zoning and development trends, lands in the Metro Core have the potential to realistically supply 86 million sq. ft. of commercial space and 14.5 mil. sq. ft. of industrial space. This is 9.9 mil. sq. ft. more commercial and 2.3 mil. sq. ft. more industrial space than today (Fig. 7).

It is important to emphasize that this supply projection is based on how development is occurring under current zoning. There are many options for changing the zoning that could raise the potential for new supply.

COMPARING FUTURE DEMAND AND POTENTIAL FUTURE SUPPLY

Figure 8:Future Demand and Potential Supply of Employment Space - Metro Core



Source: City of Vancouver Planning Department.

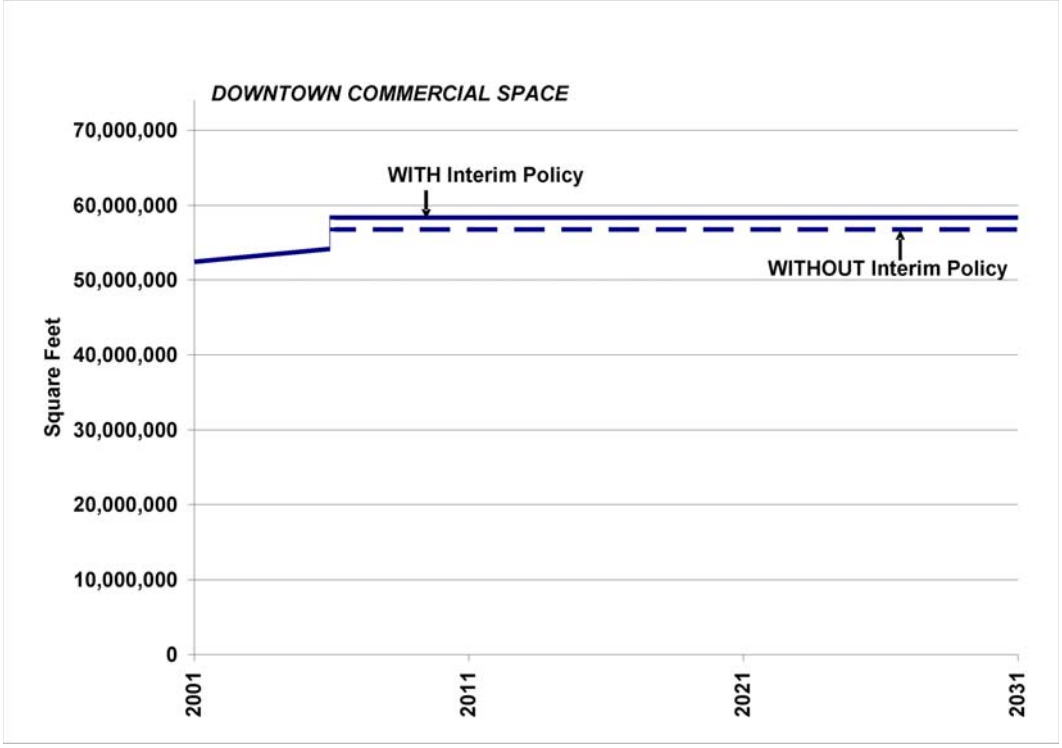
The demand curves on page 5 form a range of future demand for space in the Metro Core. Combining this range with the supply lines on page 6 illustrates how the demand for job space could exceed supply over the longer term.

By 2031, the supply line is located in the middle of the demand range. This is true of both commercial and industrial floorspace in the Metro Core (Fig. 8).

While Figure 8 demonstrates how supply may not meet demand at the level of the Metro Core as a whole, each of the main areas of the Metro Core has its own profile. The following pages detail the supply and demand estimates in the Downtown, South of False Creek and Eastern Core – see map on page 6 for sub-area boundaries.

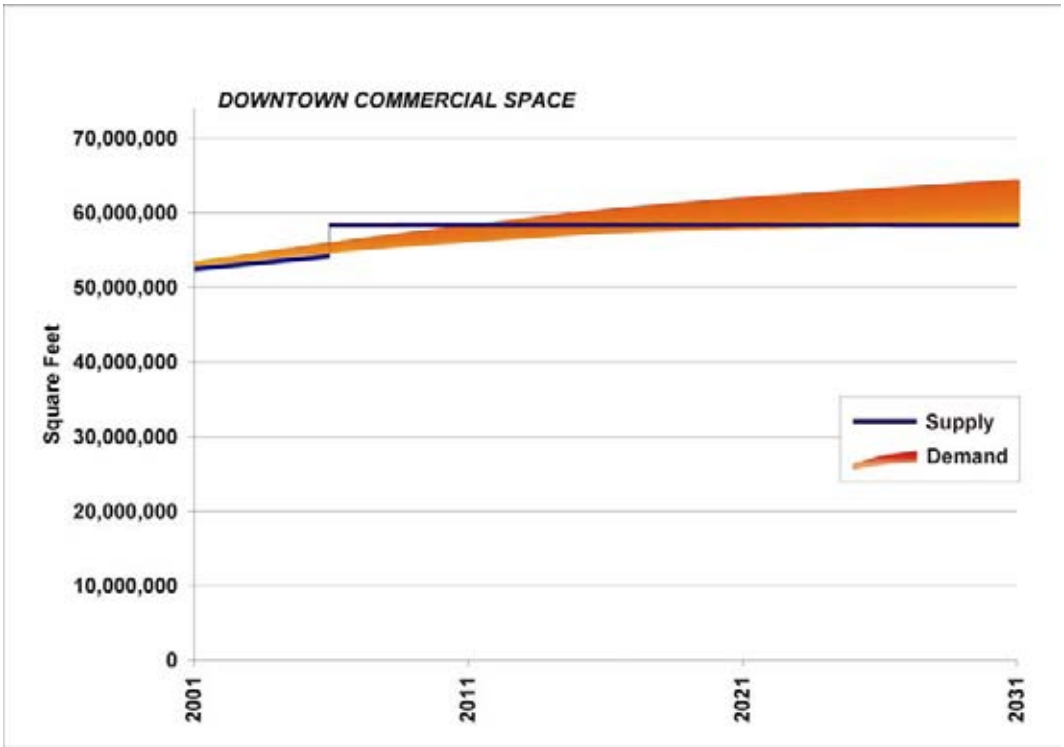
Commercial Space:

Figure 9: Potential Supply of Commercial Space - Downtown



Source: City of Vancouver Planning Department.

Figure 10: Future Demand and Potential Supply of Commercial Space - Downtown



Source: City of Vancouver Planning Department.

The Downtown Peninsula includes areas west of Main St. There are a diverse mix of areas Downtown, including: the Central Business District (CBD), Mixed Use Areas and Heritage Areas (Map 1, pg. 6).

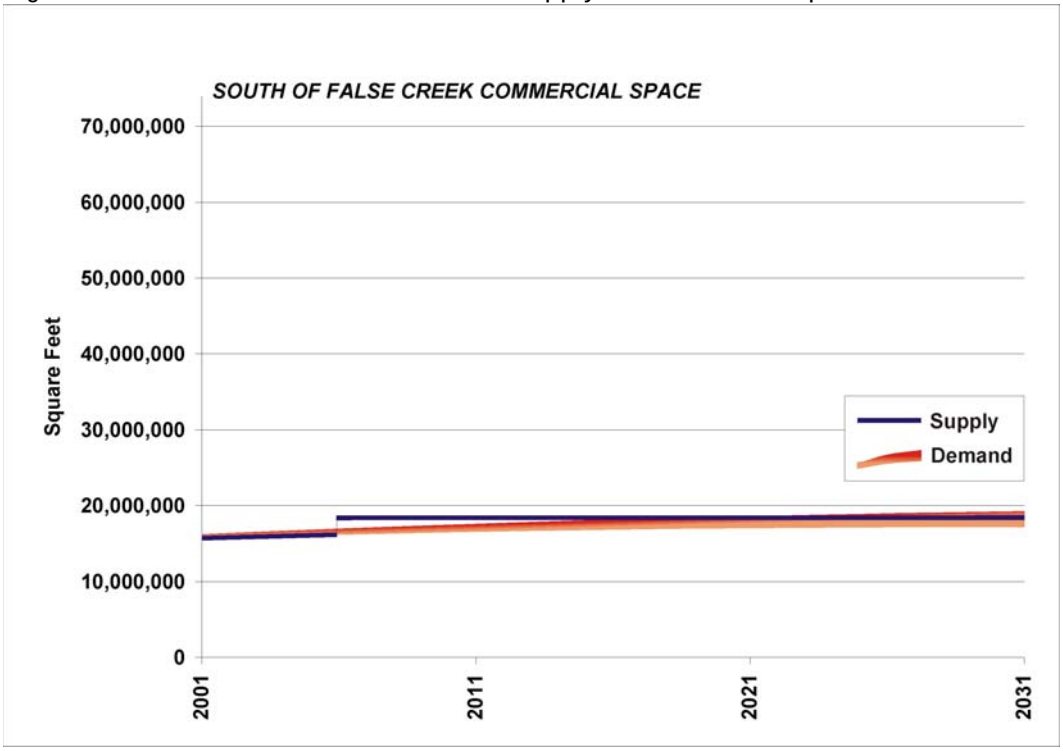
In 2004, Vancouver City Council adopted Interim Policies that put a "hold" on residential development under current zoning in the CBD Extension Areas (Map 1, pg. 6).

The Interim Policies have increased the potential supply for commercial space in the Downtown by nearly 1.6 mil. sq. ft. (the equivalent of six Downtown office buildings) (Fig. 9). With these policies, total potential commercial supply is 58.3 mil. sq. ft. (this is 4.1 mil. sq. ft. more than 2006). City Council will decide on reshaping these policies at the conclusion of this study (Fig. 9).

While the Interim Policies add Downtown supply in the short term, longer run demand for commercial space is likely to exceed potential supply under current zoning (Fig. 10). This short fall is projected to occur sometime between 2011 and 2025. While these projections do not allow for the identification of an exact date when demand exceeds supply, they do illustrate the potential for a problem over the longer term.

It is important to point out that office vacancy rates are not related to site availability. Despite the relatively low vacancy rate in 2006, site-by-site analysis confirmed that there are a number of sites available for development in Downtown office areas. These sites are large enough to accommodate significant office buildings and are available in the short term.

Figure 11: Future Demand and Potential Supply of Commercial Space - South of False Creek

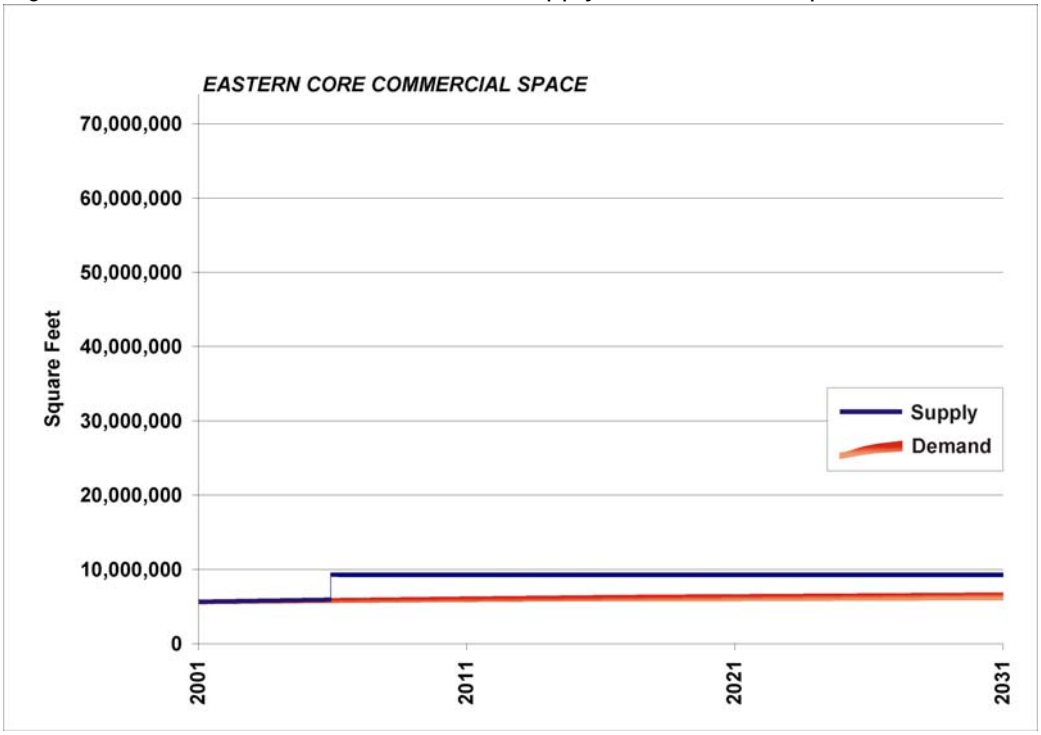


Source: City of Vancouver Planning Department.

The South of False Creek Area contains the Broadway Corridor, VGH, Mixed Use on shopping streets such as Cambie and Granville and Industrial Areas like Mount Pleasant to the West of Main St. (Map 1, pg. 6). City zoning allows for commercial space in all of these areas.

Unlike the Downtown, the commercial supply line in this area is located in the middle of the demand range. If demand follows the high scenario, the potential supply of 18.4 mil. sq. ft. could fall short of demand over the medium term (this is 2.2 mil. sq. ft. more than 2006). (Fig. 11).

Figure 12: Future Demand and Potential Supply of Commercial Space - Eastern Core



Source: City of Vancouver Planning Department.

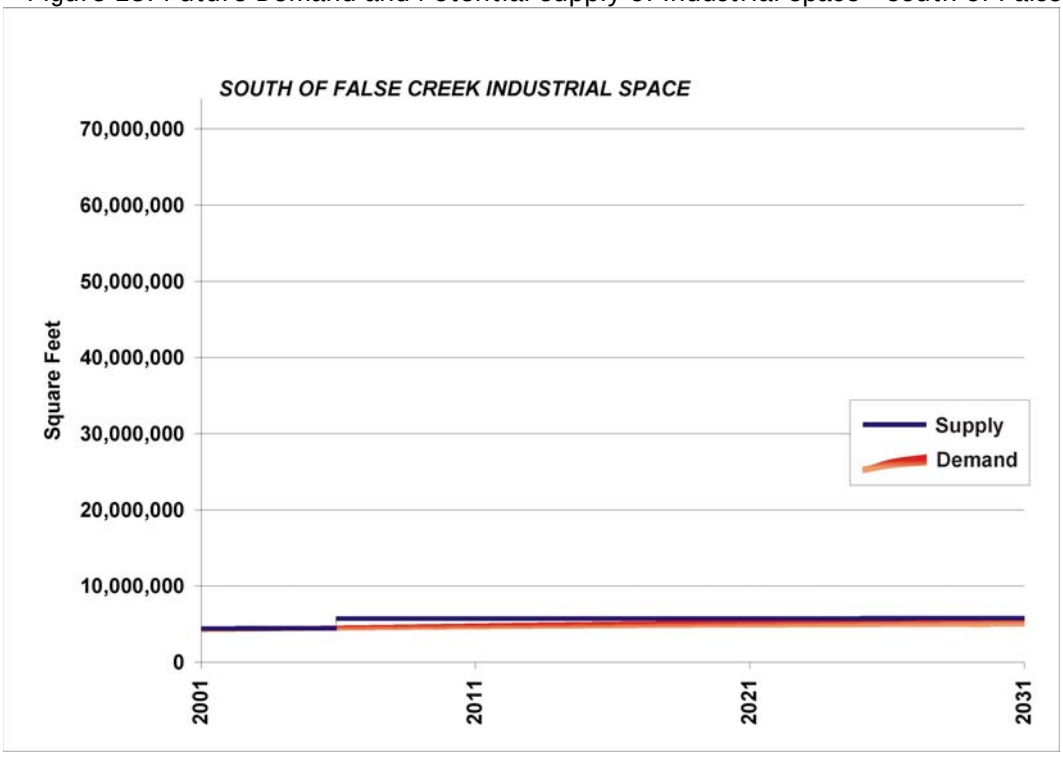
The Eastern Core is composed of a mix of areas, including: the Eastern portion of the Downtown Eastside, Industrial Areas like the False Creek Flats and Mixed Use shopping streets like Kingsway and Main. Like the South of False Creek, commercial space in the Eastern Core is found in both Commercial and Industrial Areas (Map 1, pg. 6).

In the Eastern Core, future demand for commercial space is below the potential supply (Fig. 12). This is because most of the supply is found in the "Flats High-Tech" Area where demand has been weak (Map 1, Pg. 6).

Analysis of this area shows that up to 9.3 mil. sq. ft. of commercial demand could be met in the Eastern Core (this is 3.5 mil. sq. ft. more than 2006) (Fig. 12).

Industrial Space:

Figure 13: Future Demand and Potential Supply of Industrial Space - South of False Creek

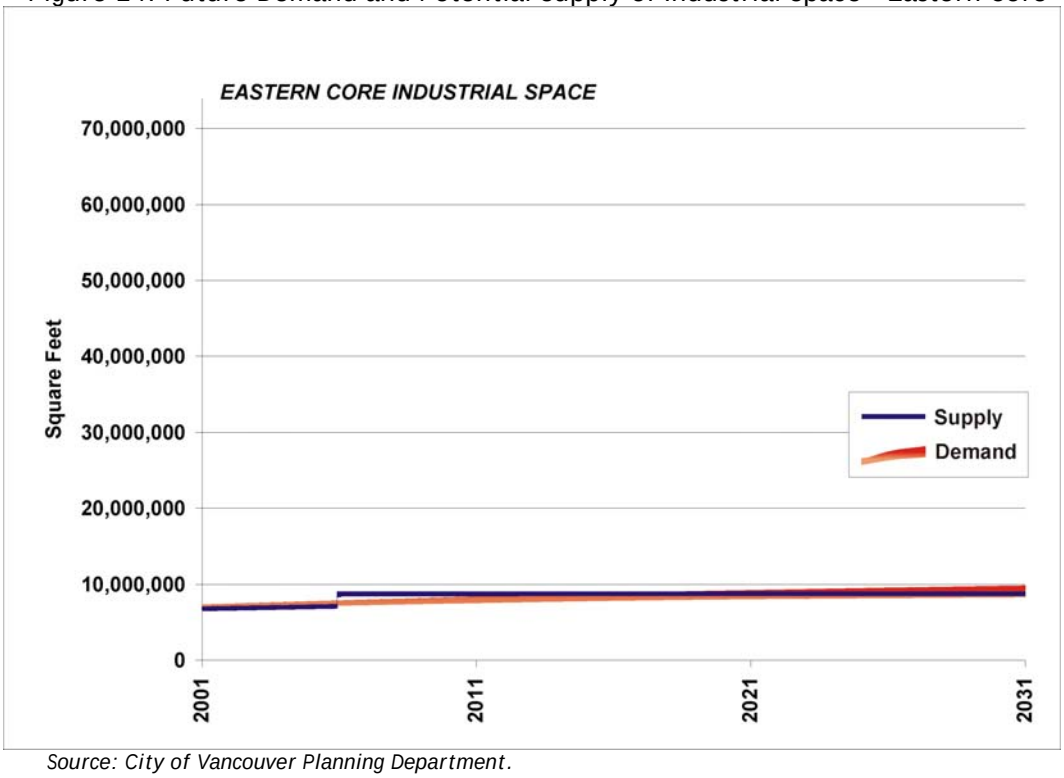


Source: City of Vancouver Planning Department.

In addition to commercial space, there is a significant amount of industrial space in the Metro Core. Industrial potential in the Metro Core is found in the South of False Creek and Eastern Core Areas (Map 1, pg. 6).

In the South of False Creek, the demand curves stay just below the potential supply of 5.7 mil. sq. ft. (this is 1.2 mil. sq. ft. more than 2006) (Fig. 13).

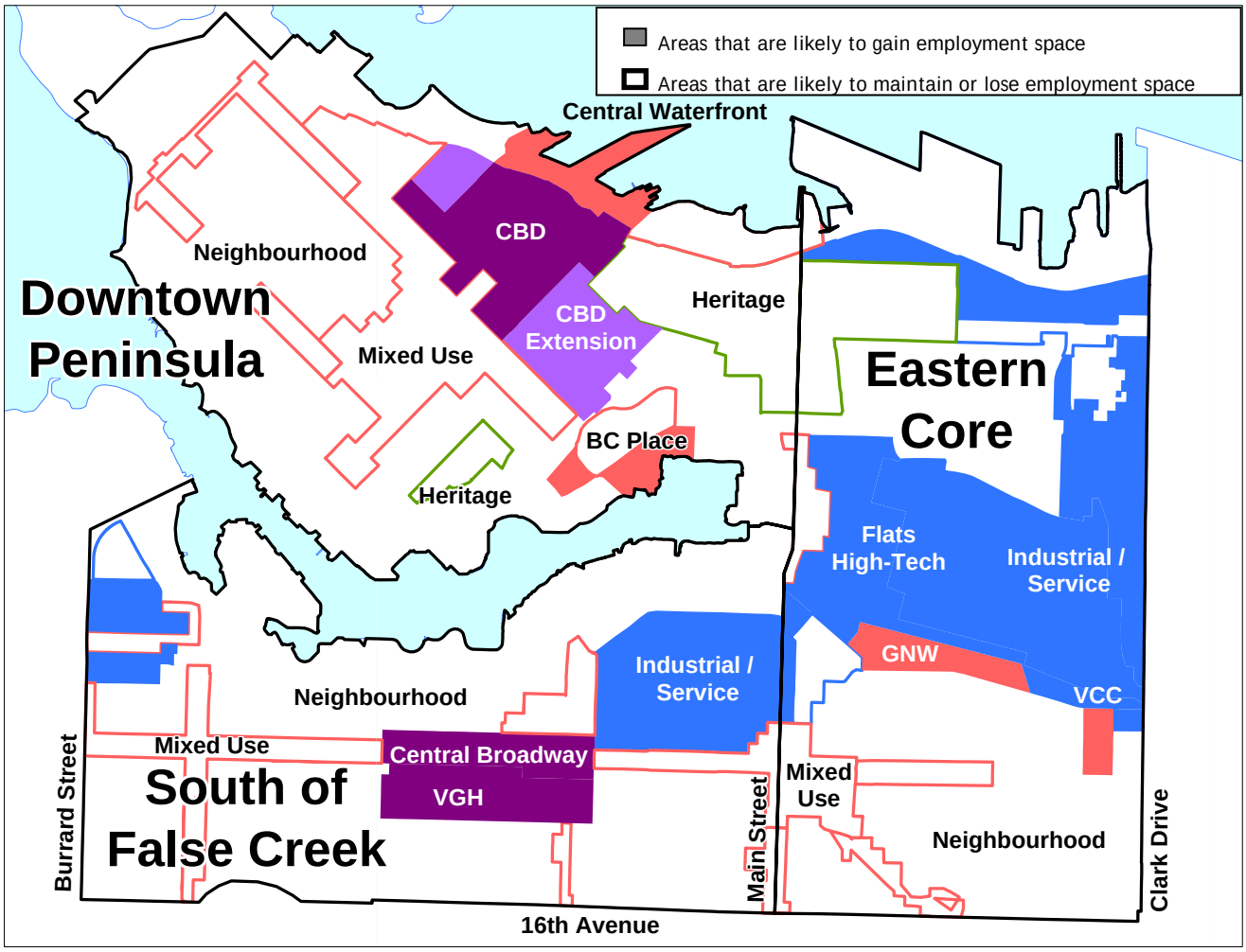
Figure 14: Future Demand and Potential Supply of Industrial Space - Eastern Core



Source: City of Vancouver Planning Department.

In the Eastern Core, analysis of industrial space shows that the potential supply could fall short of demand over the longer term. The industrial supply line in this area is located in the middle of the demand range. If demand follows the high scenario, the potential supply of 8.7 mil. sq. ft. could fall short of demand over the longer term (this is 1.7 mil. sq. ft. more than 2006) (Fig. 14).

Map 2: Sub-areas of the Metro Core with Potential Increase in Supply



The previous pages have compared future demand to potential supply in the three main areas of the Metro Core (Downtown, South of False Creek and Eastern Core). Each of these large areas contain a variety of smaller sub-areas (e.g., Downtown contains the CBD, Heritage Areas, Mixed Use, etc.). Site by site analysis of each area reveals that only some sub-areas are likely to gain employment space, while other sub-areas are likely to remain the same or lose some job space to residential use. In Map 2, only those sub-areas with a solid fill are expected to gain employment space under current zoning.

In areas where the zoning permits both residential and commercial uses (i.e. Mixed Use and Heritage Areas), current trends indicate that residential development is preferred. As a result, some of the existing employment space in these areas is likely to be converted to residential use. The small amounts of employment space in Neighbourhood Areas are expected to hold about constant.

In the solid coloured areas (e.g., CBD, CBD Extension, Industrial/Service), the zoning generally does not permit residential development. These areas also have capacity for additional space under current zoning, and are expected to gain employment space. It is the potential for space growth in these sub-areas that is responsible for the potential future supply illustrated in previous graphs.

Summary of Findings – Comparing Demand to 2031 and Potential Supply under Current Zoning

Commercial Demand and Supply:

- Metro Core as a whole, demand could exceed potential supply over the longer term
  - Downtown demand is likely to exceed potential supply over the longer term
  - South of False Creek demand could exceed supply
  - Eastern Core demand could be less than supply

Industrial Demand and Supply:

- Metro Core as a whole, demand could exceed potential supply over the longer term
  - South of False Creek demand is about the same as supply
  - Eastern Core demand could exceed supply

Locations of Potential Increases in Supply

The three major areas in the Metro Core each contain a variety of zoning sub-areas (e.g. Downtown contains the CBD, Heritage areas, Neighbourhoods, etc.). Site by site analysis of each sub-area reveals that some areas are likely to gain job space under current zoning, while other areas are likely to remain the same or lose job some space to residential use (Map 2, pg. 11).

- Areas that are likely to gain employment space:
  - In the Downtown: the CBD, CBD Extension Area, Central Waterfront, and areas surrounding BC Place.
  - In the South of False Creek: Central Broadway/ VGH and Industrial Areas.
  - In the Eastern Core: Industrial Areas and Educational Campuses (VCC, GNW).

- Areas that are likely to maintain or lose some employment space:
  - In the Downtown: Heritage, Neighbourhood and Mixed Use Areas.
  - In the South of False Creek: Neighbourhood and Mixed Use Areas.
  - In the Eastern Core: Heritage, Neighbourhood and Mixed Use Areas.

ISSUES, DIRECTIONS, AND IDEAS

A number of issues arise from considering the findings in this report – issues related to the amount, location, and types of potential supply under current zoning in the Metro Core. A full list of issues will be developed in consultation with stakeholder groups and interested public.

Alongside these issues, this process will also generate ideas for addressing the issues. There are a variety of ways to change zoning to meet the desired range of future jobs and economic activities in the Metro Core. Changes to densities and heights in some locations, can, for example, significantly increase supply potential. These ideas will be generated in the context of overall City policy and in consideration of impacts such as, economic development, urban design, views, transit and transportation, housing, and heritage.

Metro Core Jobs and Economy – The Big Picture

Business and cultural centre of region
Diverse economy
Sustainable
Competitive
Jobs close to home for city residents
Alive downtown where people live, shop, play, and work
Where transportation favours transit, walking, and cycling

Sources: Livable Region Strategic Plan; Central Area Plan; CityPlan; City Economic Development Principles, etc

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APPENDIX – BASE DATA FOR GRAPHS

Table 1. Jobs 1971-2031

				% of Total			Change		% Change	
	1971	2001	2031	1971	2001	2031	1971-01	2001-31	1971-01	2001-31
Downtown	94,159	137,782	170,011	64%	62%	63%	43,623	32,229	46%	23%
South of False Creek	35,061	56,066	67,076	24%	25%	25%	21,005	11,010	60%	20%
Eastern Core	19,031	27,397	33,529	13%	12%	12%	8,367	6,132	44%	22%
Metro Core	148,251	221,246	270,617	66%	64%	64%	72,995	49,371	49%	22%
Rest of City	74,719	126,231	150,170	34%	36%	36%	51,511	23,940	69%	19%
Vancouver	222,970	347,476	420,787	56%	34%	29%	124,506	73,311	56%	21%
Rest of Region	172,083	659,709	1,033,736	44%	66%	71%	487,626	374,027	283%	57%
GVRD	395,053	1,007,185	1,454,523	100%	100%	100%	612,132	447,338	155%	44%

Source: Statistics Canada Census of Canada; Urban Futures Incorporated; City of Vancouver

Table 2. Population 1971-2031

				% of Total			Change		% Change	
	1971	2001	2031	1971	2001	2031	1971-01	2001-31	1971-01	2001-31
Downtown	44,100	70,091	117,200	48%	52%	59%	25,991	47,109	59%	67%
Rest of Metro Core	47,585	64,515	79,850	52%	48%	41%	16,930	15,335	36%	24%
Metro Core	91,685	134,606	197,050	22%	25%	30%	42,921	62,444	47%	46%
Rest of City	334,613	411,065	463,598	78%	75%	70%	76,452	52,533	23%	13%
Vancouver	426,298	545,671	660,648	39%	27%	23%	119,373	114,977	28%	21%
Rest of Region	656,054	1,441,294	2,195,150	61%	73%	77%	785,240	753,856	120%	52%
GVRD	1,082,352	1,986,965	2,855,798	100%	100%	100%	904,613	868,833	84%	44%

Source: Statistics Canada Census of Canada; Urban Futures Incorporated; City of Vancouver

Table 3. Groupings of Economic Sectors for Figure 4

Economic Activity Grouping for Figure 4	SIC Category
Professional & Commercial Services	Finance, Insurance & Real Estate
	Business Services
	Accommodation, Food & Other Services
Health, Education & Government	Education, Health & Social Services
	Government
Communications & Transportation	Transportation, Communications & Utilities
	Wholesale
Manufacturing	Primary
	Manufacturing
	Construction
Retail	Retail

Source: Economic Sectors are defined according to the Statistics Canada 1980 Standard Industrial Classification http://www.statcan.ca/english/Subjects/Standard/sic/sice80-strucj.htm1980 Standard.

Table 4. Demand to 2031 - Commercial Space (sq.ft.)

			% of Total	
	2031 High	2031 Low	2031 High	2031 Low
Downtown	64,181,168	58,462,782	72%	71%
South of False Creek	18,980,105	17,487,984	21%	21%
Eastern Core	6,599,501	6,122,196	7%	7%
Metro Core	89,760,774	82,072,961	100%	100%

Source: City of Vancouver. See methodology on page 5.

Table 5. Demand to 2031 - Industrial Space (sq.ft.)				
			% of Total	
	2031 High	2031 Low	2031 High	2031 Low
South of False Creek	5,546,685	4,992,016	37%	37%
Eastern Core	9,558,065	8,602,259	63%	63%
Metro Core	15,104,750	13,594,275	100%	100%

Source: City of Vancouver. See methodology on page 5.

Table 6. Supply - Commercial Space (sq.ft.)								
					% of Total			
	1996	2001	2006	Future Potential Under Current Zoning	1996	2001	2006	Future Potential
Downtown	49,569,572	52,440,690	54,191,545	58,345,293	71%	71%	71%	68%
South of False Creek	15,148,726	15,831,993	16,153,685	18,408,976	22%	21%	21%	21%
Eastern Core	5,279,799	5,673,272	5,795,869	9,299,819	8%	8%	8%	11%
Metro Core	69,998,097	73,945,955	76,141,099	86,054,089	100%	100%	100%	100%

Source: BC Assessment; City of Vancouver. See methodology on page 6.
Note: Downtown supply includes the 1.6 mil. sq. ft. that results from the Interim Policies in the CBD Extension areas.

Table 7. Supply - Industrial Space (sq.ft.)								
					% of Total			
	1996	2001	2006	Future Potential Under Current Zoning	1996	2001	2006	Future Potential
Downtown	1,059,679	855,572	558,979	0	9%	7%	5%	0%
South of False Creek	4,392,181	4,450,750	4,484,725	5,727,608	36%	37%	37%	39%
Eastern Core	6,643,812	6,774,769	7,094,452	8,776,445	55%	56%	58%	61%
Metro Core	12,095,672	12,081,091	12,138,156	14,504,052	100%	100%	100%	100%

Source: BC Assessment; City of Vancouver. See methodology on page 6.

Table 8: Floorspace per Worker (FSW) in 2031 by Type of Space in each Metro Core Area			
	Downtown	South of False Creek	Eastern Core
Office – High FSW	356	323	421
Office – Low FSW	321	290	379
Industrial – High FSW	485	561	606
Industrial – Low FSW	437	505	545
Retail – High FSW	357	374	355
Retail – Low FSW	343	360	341
Hotel	1510	1645	1578
Hospital	352	403	224

Source: City of Vancouver. See notes below.

FSW Notes:

1. FSWs result from a detailed method for matching jobs by economic sector in the 2001 Census to a comprehensive inventory of gross floorspace as measured by the BC Assessment authority (BCAA) and the City of Vancouver.
2. FSWs are gross. They are derived from gross floorspace data that sum to total gross floorspace in the Metro Core as measured by the BCAA in 2001. This floorspace data includes significant quantities of commercial space that are not "leaseable" (e.g. lobbies, hallways). While this type of floorspace is not usually included in the calculation of employment density, it is included here in order to more accurately test the capacity of current city zoning to accommodate future demand for employment space.
3. FSWs include a vacancy rate component. Rates are set equal to the average observed in historical data: 9.3% for Downtown office; 2% for Downtown retail; 7.2% for office in South of False Creek and Eastern Core; 7% for retail in South of False Creek and Eastern Core; and 3% for industrial space.

Contacts

This Backgrounder was published by the City of Vancouver. It is one in a series of publications produced for the Metropolitan Core Jobs and Economy Land Use Plan. The purpose of this initiative is to develop a long term land use policy plan to accommodate future economic activity and jobs in the Metro Core. For further information, please e-mail corejobs@vancouver.ca or visit the website www.vancouver.ca/corejobs