MEMORANDUM

June 15, 2022

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Maria Pontikis, Chief Communications Officer, CEC
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Lon LaClaire, General Manager, Engineering Services
Chris Robertson, Assistant Director, Planning, Urban Design and Sustainability

FROM: Theresa O'Donnell
General Manager, Planning, Urban Design and Sustainability

SUBJECT: 2022 Storefronts Report

RTS #:   N/A

Highlights:
- Staff have completed the annual storefront inventory field work for 2022
- Storefront vacancy in the city has remained stable at 11.9% compared to 12.1% in 2021 but is still above what experts advise to be a "healthy" vacancy rate (10%)
- Some areas of the city have rebounded from the impacts of the pandemic while other areas continue to struggle
- Certain business categories, such as convenience goods retail, have fared better than other categories over the past year
- The collection and annual reporting of this data provides important information for long range planning and programming decisions for the City and our community partners

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Purpose of this memo

This memo provides City Council with an overview of:

A. The methodology applied in the collection of the data;

B. Storefront vacancy and change in Vancouver; and

C. The anticipated contents of area specific reports that will be provided to community partners in fall 2022.

A. Methodology

Important notes about the data

The data presented in this memo was collected through fieldwork (visual inspection of ground floor Commercial Retail Units) in every Business Improvement Area and major commercial-retail high street in Vancouver, supplemented by business license data and online research.

The field data referenced in this memo follows recommendations in the 2020 Retail-Commercial District Small Business Study (the Retail Study).

The focus of the 2020 Retail Study was the viability of storefront businesses and the neighbourhood commercial areas in which they are located. As such, the term 'retail' means the broad range of street-fronting commercial uses including convenience and comparison retail goods, food and beverage, grocery retail, pharmacies, banks and financial institutions, professional and personal services, etc.

A key recommendation of the 2020 Study was the implementation of regular and ongoing storefront 'business inventories' in retail-commercial districts across the City. The recommendations call for the collection of a range of business data including type of business and whether the storefront is vacant.[1] An initial inventory was conducted in 2020 at the outset of the COVID-19 pandemic, and the first city-wide inventory was conducted in March 2021,

In March 2022, staff completed the second city-wide update of the entire inventory, documenting change in retail activity over the previous year during the pandemic. The field data compares the year-over-year conditions, and suggests general trends during the period.

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[1] The inventories reported in this memo include data on vacant commercial-retail units (CRUs). However, there are circumstances where CRUs may not be 'vacant' as commonly understood, i.e., they are not empty, but there appears to be no business actively operating in the premises, and the furniture, equipment and/or inventory appears to be abandoned.

B. Results: Storefront Vacancy and Change in Vancouver[2]

Changes in retail storefront activity

The 2022 field data indicates that storefront vacancy in the city has remained stable at 11.9% compared to 12.1% in 2021 but is still above what experts advise to be a "healthy" vacancy rate (10%) (Figure 1).

Figure 1: City-wide Storefront Vacancy Rate, 2020, 2021 and 2022
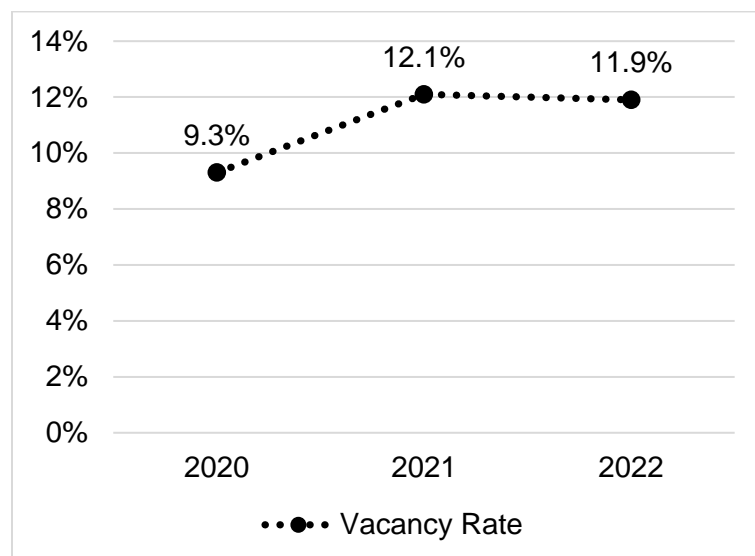
Source: City of Vancouver Storefronts Inventory

Figures 2 and 3 below illustrate storefront vacancy rates by sub-area in spring 2022. Vacancy rates range considerably across sub-areas. There are areas with relatively healthy vacancy rates like Kerrisdale BIA (3.0%), West Broadway (7.4%), Yaletown (8.4%), Commercial Drive (8.6%), and West End (8.9%); and, there are areas where vacancy rates are at unhealthy levels such as Hastings Crossing BIA (28.0%), Dunbar Village BIA (17.8%), Point Grey Village BIA (17.5%), Strathcona BIA (16.9%), and Chinatown BIA (16.8%). The City will continue to monitor storefront vacancy and will work with community partners to take advantage of opportunities to fill vacancies quickly when they arise.

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[2] The detailed 2022 Storefronts Inventory is included in the 2022 Storefronts Report attached to this memo as Appendix A.

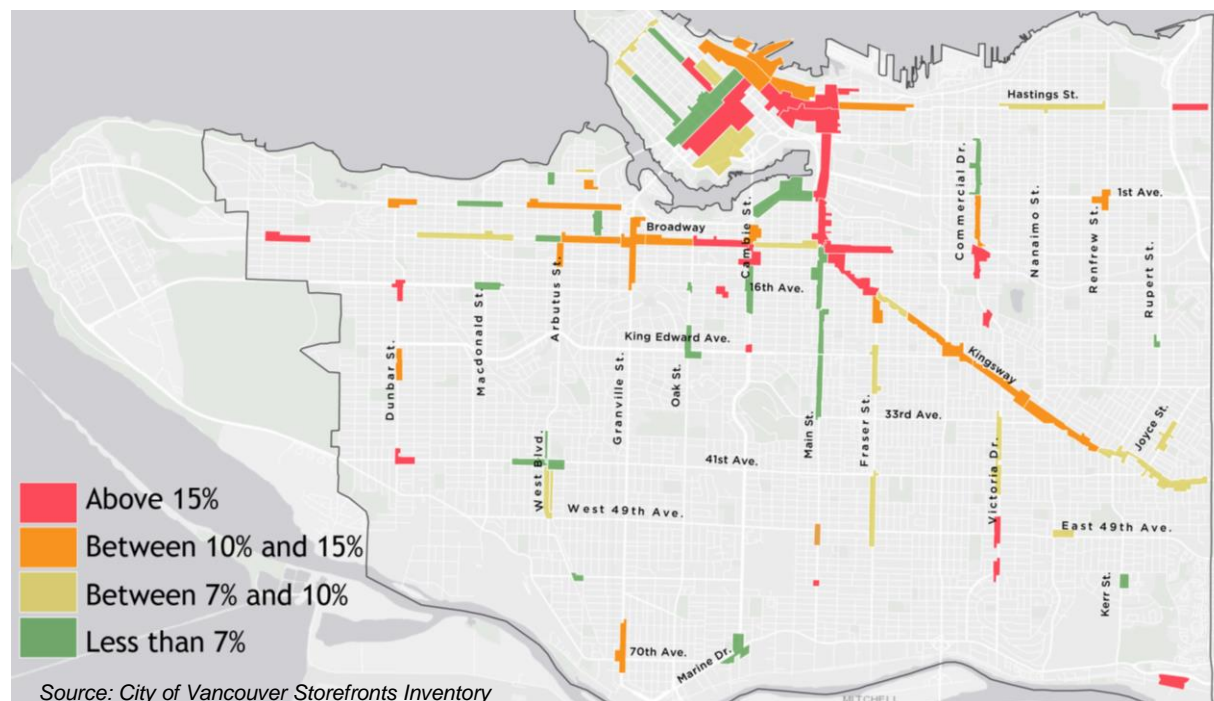**Figure 1: Map of Vacancy Rates by Area - Spring 2022**

Above 15%
Between 10% and 15%
Between 7% and 10%
Less than 7%

Source: City of Vancouver Storefronts Inventory

Figure 3: BIA Storefront Vacancy Rates 2021 and 2022
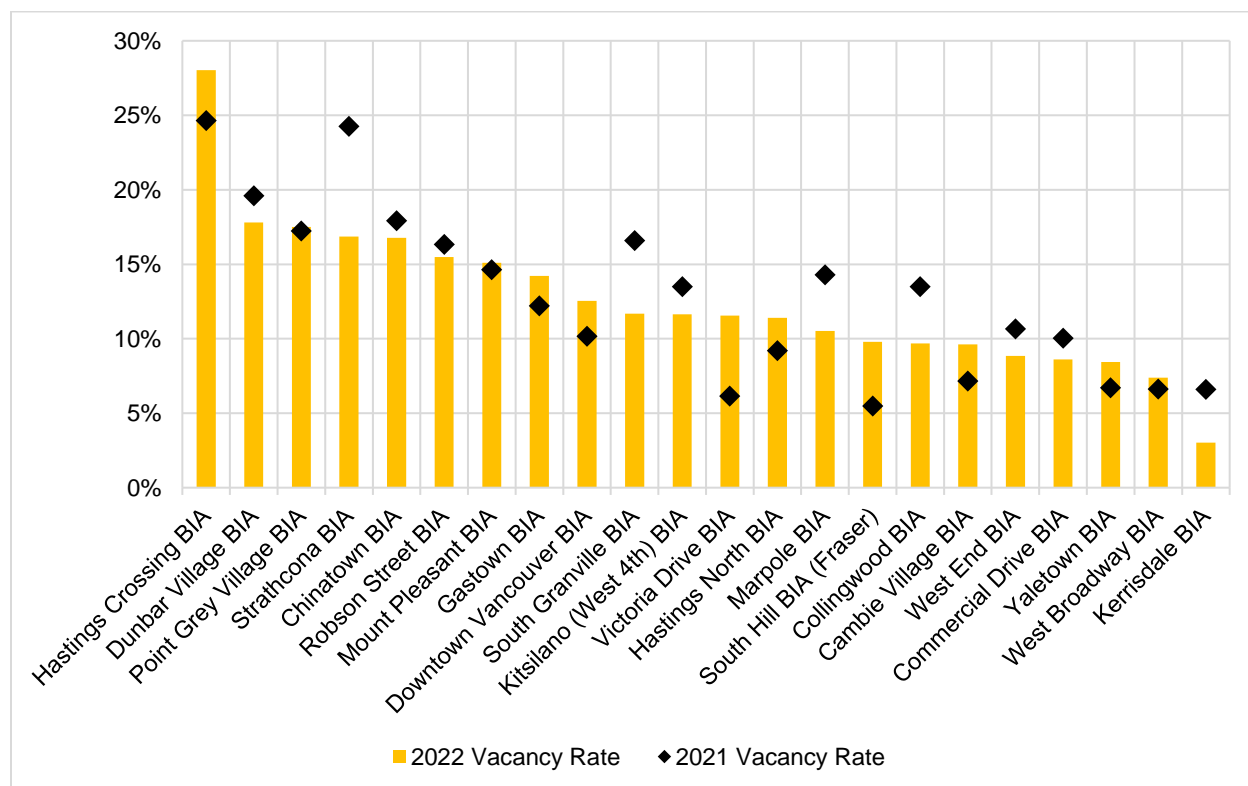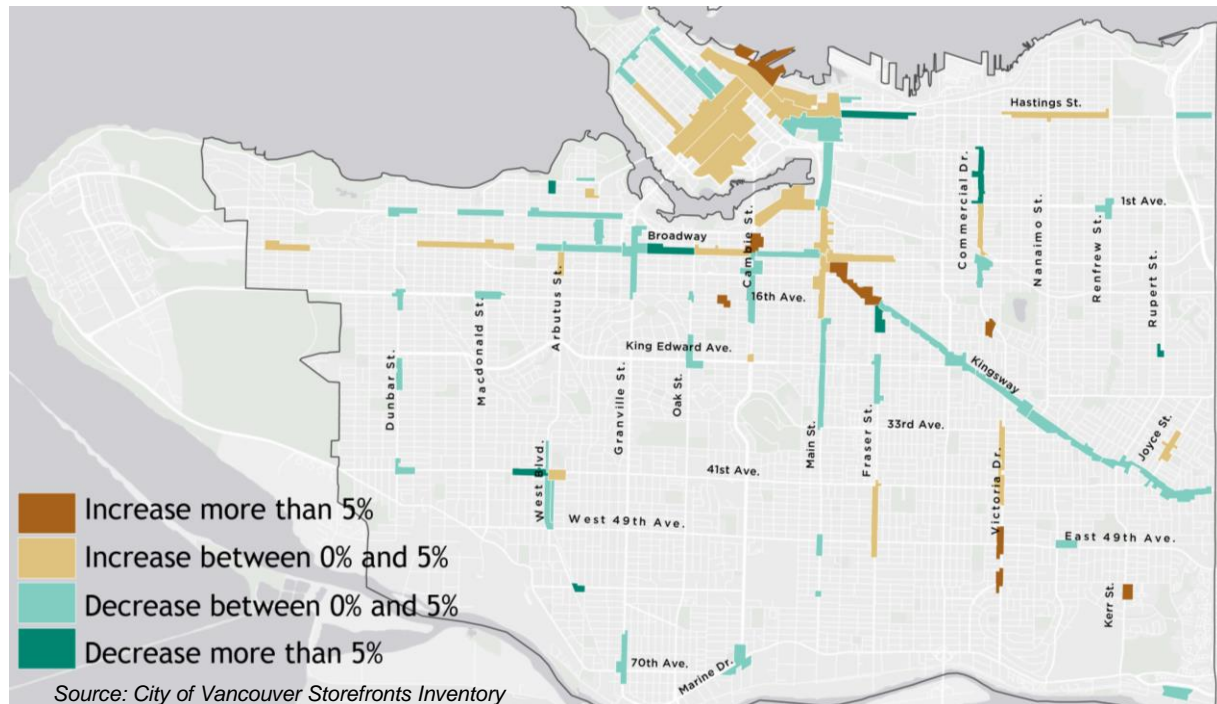

☐ 2022 Vacancy Rate   ◆ 2021 Vacancy Rate

Figure 4 below illustrates the change in storefront vacancy rates by area comparing the spring 2021 to spring 2022 data. Vacancy rates decreased year over year in many areas across the city with some exceptions such as Downtown, Main & Kingsway and Victoria Drive.

Figure 4: Map of Change in Vacancy Rates by Area - Spring 2021 - 2022

Legend:
- Increase more than 5%
- Increase between 0% and 5%
- Decrease between 0% and 5%
- Decrease more than 5%

Source: City of Vancouver Storefronts Inventory

Some types of businesses have fared better than others over the past year

Beyond changes to vacancy rates, many storefronts saw a change of business type due to business closures (572) and openings (616) over the last year. Generally, the changes followed trends in the retail market that existed before the pandemic, such as a shift away from comparison goods to convenience goods, and the growth of 'experience' retail. The move to online shopping is part of these shifts, and COVID-19 may have accelerated this transition. Figure 4 illustrates the different rates at which business closed and opened in each of these retail categories (e.g., Convenience goods represent 9% of new businesses, but only 6% of business closures) (Figure 5).
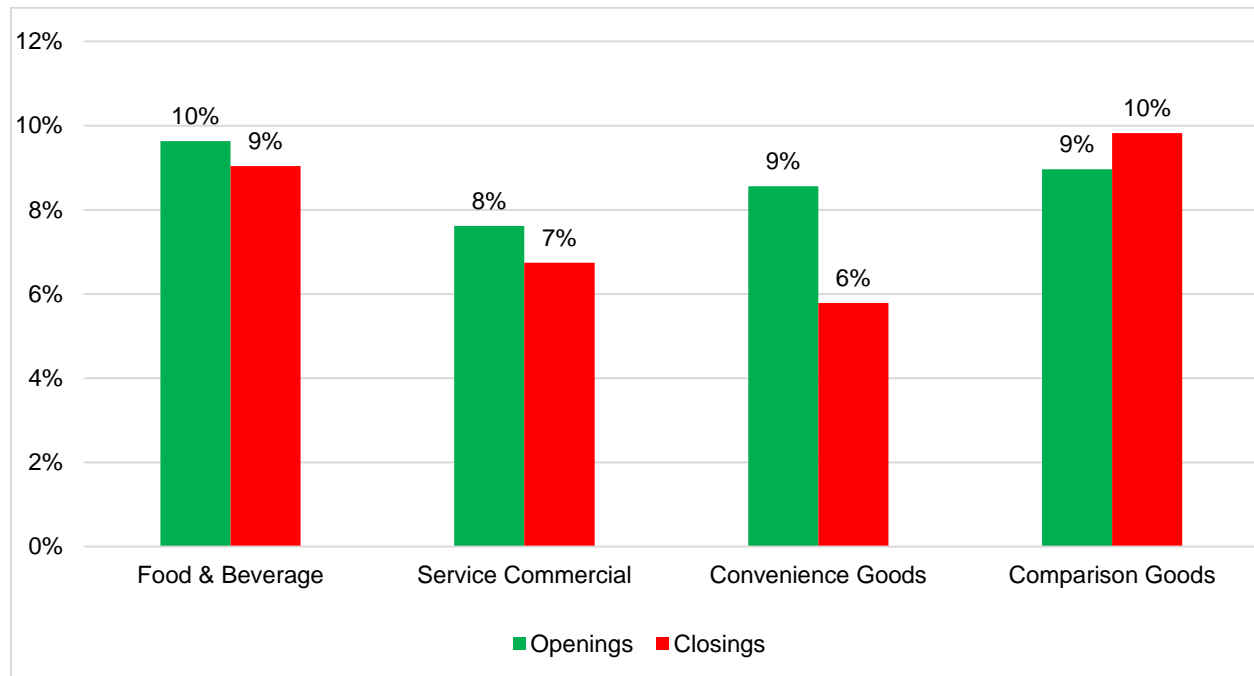
C. Area Specific Reports for Community Partners (Upcoming – Fall 2022)

The annual storefront inventory data collection and reporting process provides important information for both the City and our community partners.

For example, City Council recently initiated a significant new pilot project to reduce permitting and licensing times, application complexity and start-up costs for new businesses changing between the following uses and occupancies: General Office, Retail Store, Health Care Office, Barber Shop or Beauty Salon, Beauty and Wellness Centre. This Council action was supported by analysis of the annual storefront inventory data, which demonstrated that 40% of permits for change of use were for changes in occupancy between these low risk uses.

Community partners also benefit from the annual inventory and reporting process. For example, the data can provide Business Improvement Associations with important insights into trends in their area, providing important information for programming and other operational decisions. Figure 6 outlines the anticipated area specific content that will be provided to community partners in the fall of 2022. Area-specific content will continue to be a feature of the annual Storefronts Report going forward. Potential additional indicators may be considered as needed to understand the health of retail commercial districts and their storefront businesses.

Figure 6: Area Specific Report Content for Community Partners (Upcoming – Fall 2022)

Indicator	Measure	Assessment	Source	Geography	Reference Periods
Vacancy Rate	% of storefronts vacant	<10% threshold for healthy vacancy	COV Storefronts Inventory	BIA	2020 – 2022
Change in Vacancy Rate	% change in vacancy rate	Directional: improving (-) or worsening (+)	COV Storefronts Inventory	BIA	2021 – 2022
Turnover	Openings and closings by business category	New business openings compared to closures by category	COV Storefronts Inventory	BIA	2021 – 2022
Retail Mix	Distribution of businesses by category	Distribution compared to other areas and past year	COV Storefronts Inventory	BIA	2021 – 2022
Sales*	Sales by business type	Monthly sales by business type	Moneris	BIA	2021
Visitors*	Visitors by time of day	Distribution of visitations by time period	Data360	BIA	2020 – 2021
Visitors*	Visitors by origin	Local visitors (<3km away) vs. non-local (>3km)	Data360	BIA	2020 – 2021

New this year. Time series available beginning in 2023.

If you have any questions or require further information, please contact me or Chris Robertson, Assistant Director, City-Wide & Regional Planning, at 604-873-7684 or chris.robertson@vancouver.ca.

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City of Vancouver 2022 Storefronts Report

June 2022

Land Acknowledgment

Regular monitoring of the health and vitality of Vancouver's local shopping areas provides important information for policy and programming decisions that support the city's diverse mix of storefront businesses and organizations. City Staff acknowledge that this work occurs on the traditional unceded territories of the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh (Squamish) and səl̓ilwətaʔɬ (Tsleil-Waututh) peoples.

Introduction

The City of Vancouver is pleased to present the first annual Storefronts Report. The Report is the culmination of a number of initiatives over the past few years working with Business Improvement Areas (BIAs) and other partners to better understand the health and dynamics of storefront retail areas and their small businesses, arts and culture tenants, and non-profit uses.

How we got here

In 2017, the City partnered with Small Business BC and BIAs to deliver BizMap, a public, online, map-based platform featuring comparative data on BIA districts and their market areas.

In 2019, in response to concerns about the viability of storefront retail, staff worked with industry experts to deliver the Retail-Commercial District Small Business Study. The Study, released in 2020, analyzed drivers of change over a 10 year period in six pilot BIA shopping areas, and included recommendations to monitor storefront uses city-wide on an ongoing basis.

At the onset of the COVID-19 pandemic in March 2020, the City's Economic Development Planning Team implemented a key Study recommendation by rapidly commencing field work for what became the first annual Retail Inventory. The fieldwork, undertaken in spring and fall 2020, provided an early-pandemic baseline for vacancy rates and business change in a majority of BIAs. The following year, the results of the city-wide 2021 Retail Inventory allowed – for the first time – the reporting of annual change against a baseline.

In addition to providing BIAs with a window into the health of their areas, the Inventory provides fundamental information to support City policy initiatives such as the 2021 pilot program to streamline change of use permitting. The Inventory process, involving use of a hand-held GIS app and coded business categories, will provide longitudinal data that will aid policy and planning across the city and its neighbourhoods.

The City has now completed the March 2022 Inventory, re-branded as the Storefronts Inventory. Going forward, the Inventory fieldwork will be combined with a range of other storefront health indicators as part of the new annual Storefronts Report.

What's in the new Storefronts Report?

The 2022 Storefronts Report is being released in two phases:

- Phase 1: The city-wide report, released in June, 2022
- Phase 2: Reports covering each of the 22 Business Improvement Areas, to be released in fall, 2022

The Phase 1 city-wide report contains the 2022 Storefronts Inventory (formerly known as the Retail Inventory). The Inventory includes vacancy rates, business openings and closings, and business mix.

The Phase 2 Report will feature Inventory data specific to each BIA, as well as new indicators this year including sales by category and visitation data. We hope that over time, the annual report will:

- Provide a service to our BIA partners to support understanding of their local economies and aid marketing and planning efforts
- Provide data and analysis to support the City's long range planning for retail-commercial districts, and to provide input for potential new programs and policies as needed.

What's next for the Report?

We look forward to continue supporting retail-commercial districts and their businesses by publishing the Storefronts Report on an annual basis. Going forward, additional indicators will be considered for inclusion, in consultation with our BIA partners.

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City Storefronts

City Storefronts Inventory

The City performs an annual spring survey of storefronts in each of the city's local shopping areas. The field survey (a visual inspection of ground floor Commercial Retail Units in every Business Improvement Area and major commercial-retail high street in Vancouver, supplemented by business license data and online research) started in 2020 and continues to be repeated by staff in March each year. The 2022 survey covered over 8,800 storefronts in the city. The survey provides data on vacancy status and business type in each commercial retail unit using standard classifications. The Business Improvement Associations (BIAs) validate data collected for their respective areas each year. Staff use the survey data to calculate turnover, business category, and vacancy rate. *See Section 2: Methodology and Assumptions for full details*.

Changes in Storefront Vacancy

The March 2022 inventory shows that storefront vacancy in the city has remained stable at 11.9% compared to 12.1% in 2021 (Figure 1). The current city-wide storefront vacancy rate remains approximately 3% above the 9.3% recorded at the start of the pandemic, indicating a lingering impact on vacancy rates.

Figure 2 shows the city-wide vacancy by area for Spring 2022. Figure 3 shows change in vacancy for these areas compared to spring 2021. Vacancy remained high in the the downtown core along Hastings Street, and Granville Street with increasing vacancy since 2021. Main Street north of Broadway and Chinatown also experienced high vacancy but decreased vacancy compared to 2021.

Outside the downtown core vacancy remained high along Kingsway, central Broadway, and Dunbar Street with decreased vacancy compared to 2021. Vacancy for Victoria Drive and West 10th Ave in Point Grey remained high with vacancy increasing compared to 2021.

Vacancy remained healthy in Kerrisdale, the West End, and Main Street south of Broadway with decreased vacancy since 2021.

DEFINITIONS

"Storefront" is a pedestrian-oriented ground floor commercial retail unit generally located on a retail-commercial street.

"*Storefront vacancy*" refers to any storefront that is unoccupied, regardless of lease status or permitting status during the annual Spring field survey.

Figure 1: City-wide Storefront Vacancy
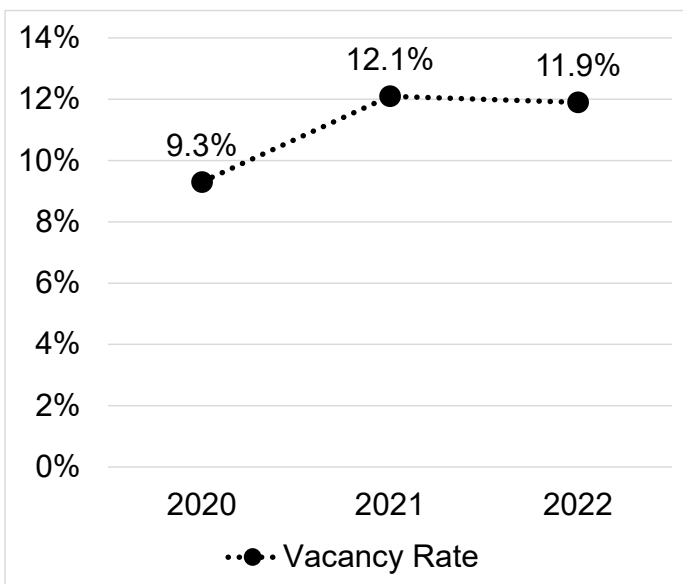
City of Vancouver Storefronts Inventory

Figure 2: 2022 Storefront Vacancy by Area

Legend:
- Above 15%
- Between 10% and 15%
- Between 7% and 10%
- Less than 7%

City of Vancouver Storefronts Inventory
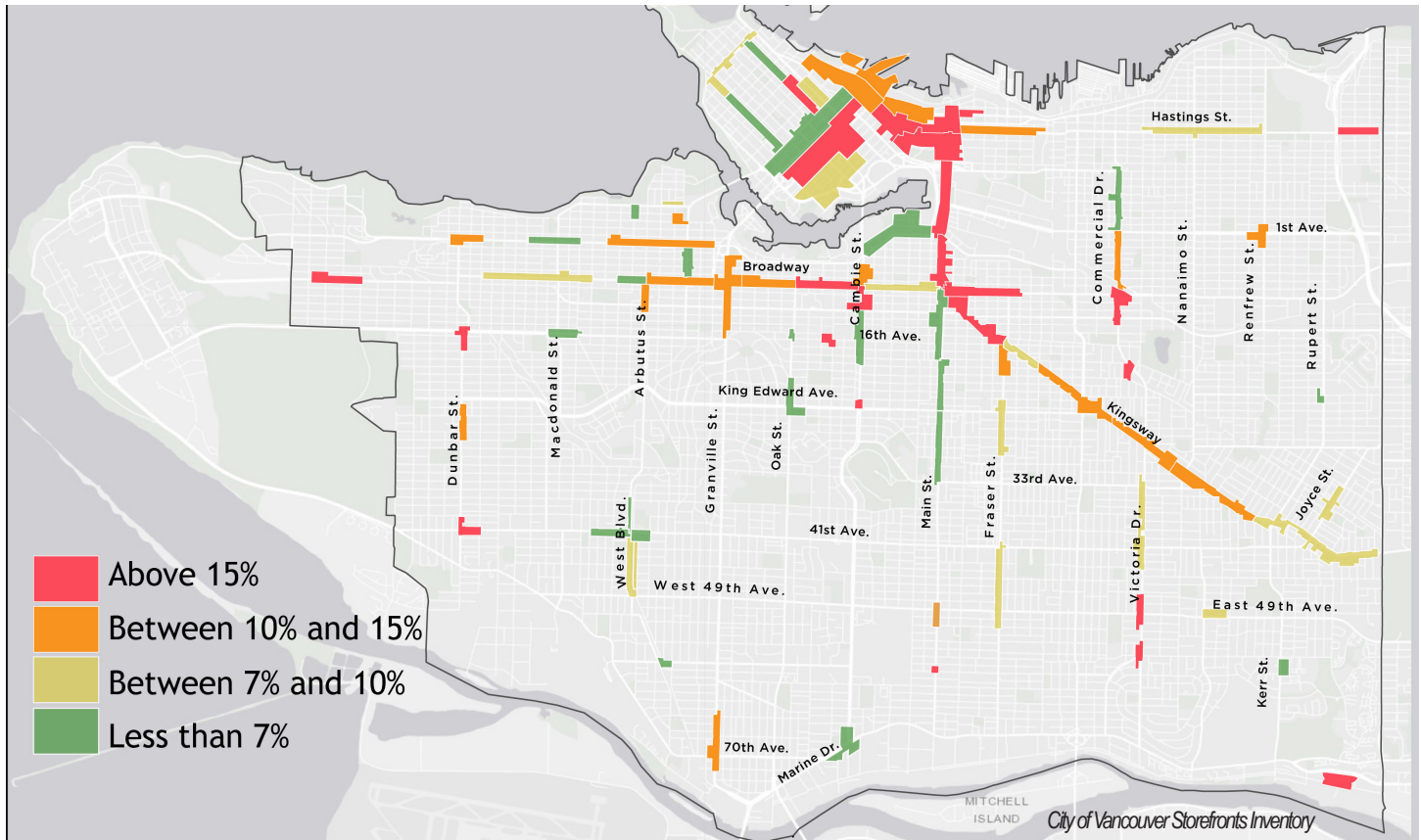
Figure 3: Change in Storefront Vacancy by Area 2021-2022

Legend:
- Increase more than 5%
- Increase between 0% and 5%
- Decrease between 0% and 5%
- Decrease more than 5%

City of Vancouver Storefronts Inventory
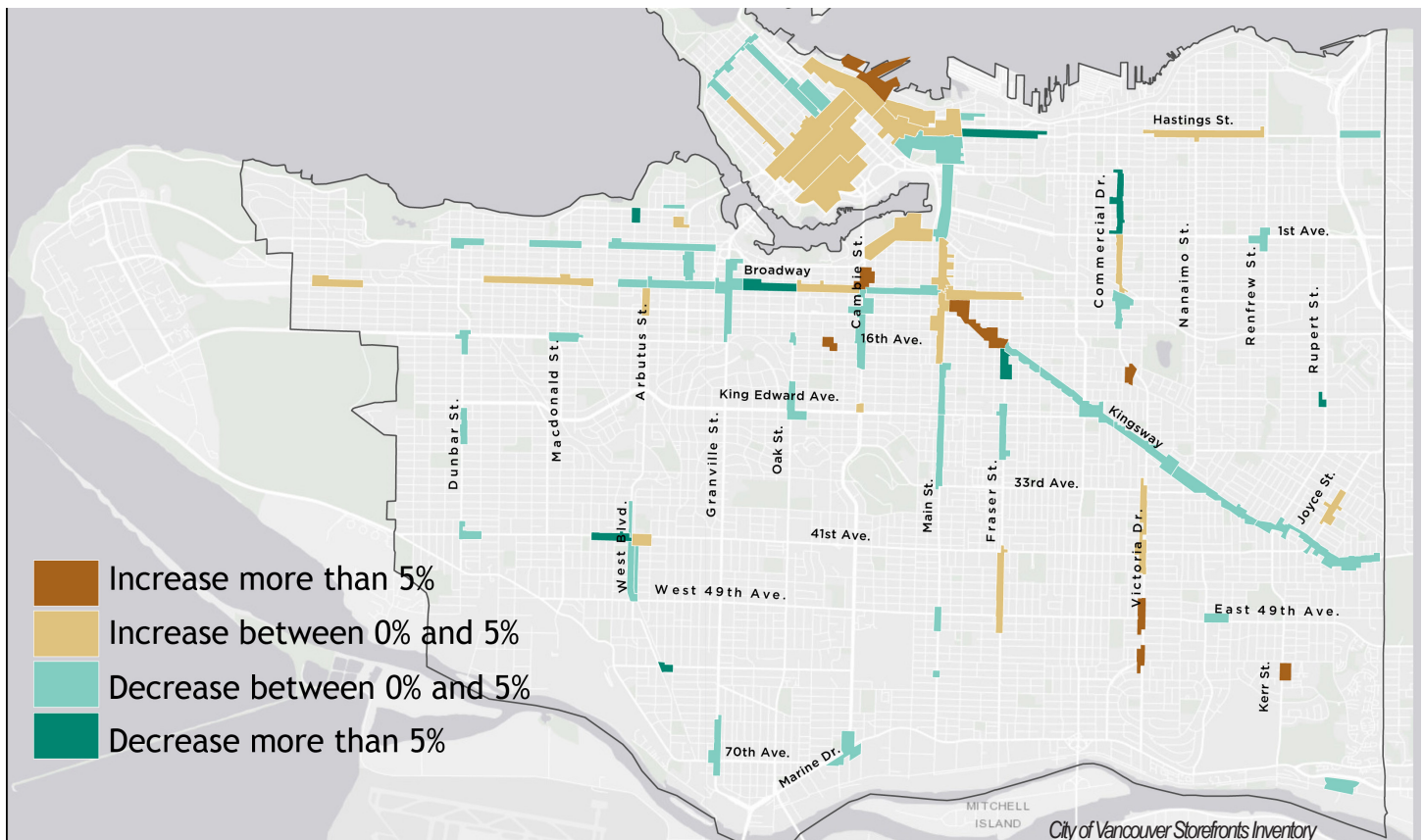
Distribution of Vacancy

The local shopping areas covered by the City's 22 BIAs reveal a range of experience with storefront vacancy. A vacancy rate over 10% is considered unhealthy.* BIAs with storefront vacancy rates over 15% include Hastings Crossing BIA (28.0%), Dunbar Village BIA (17.8%), Point Grey Village BIA (17.5%), Strathcona BIA (16.9%), Chinatown BIA (16.8%), and Robson BIA (15.5%). However, the year over year vacancy rate dropped for several of these BIAs such as Chinatown BIA (-1.1%), Dunbar Village BIA (-1.8%), and Strathcona BIA (-7.4%). Strathcona BIA's vacancy dropped the most of any of the 22 BIAs, followed by South Granville (-4.9%), Collingwood BIA, (-3.8%), and Marpole BIA (-3.8%).

Persistently high vacancy rates in a particular local area can result from many factors. For example, socio-economic conditions in the DTES may be impacting the rate of storefront vacancy in that neighbourhood. Outside the downtown, relatively low population density in areas such as Dunbar Village and Point Grey Village (lost local grocery anchor) is expected to have contributed to vacancy rates in those areas. The City will continue to monitor storefront vacancy and will work with community partners to take advantage of opportunities to fill vacancies quickly when they arise.

Vacancy in some BIAs increased into the unhealthy range this year including Hastings North BIA +2.2% to 11.4%, and Victoria Drive BIA +4.5% to 11.6%. Conversely, several BIAs recovered with vacancies moving below 10% including Commercial Drive BIA -1.4% to 8.6%, West End BIA -1.8% to 8.9%, and Collingwood BIA -3.8% to 9.7%. 5-7% is considered the target healthy range of vacancy*. Kerrisdale BIA's vacancy rate has dropped below 5% to 3%.

See Section 2: Methodology and Assumptions for full details.

### Figure 4: BIA Storefront Vacancy Rates 2021-2022
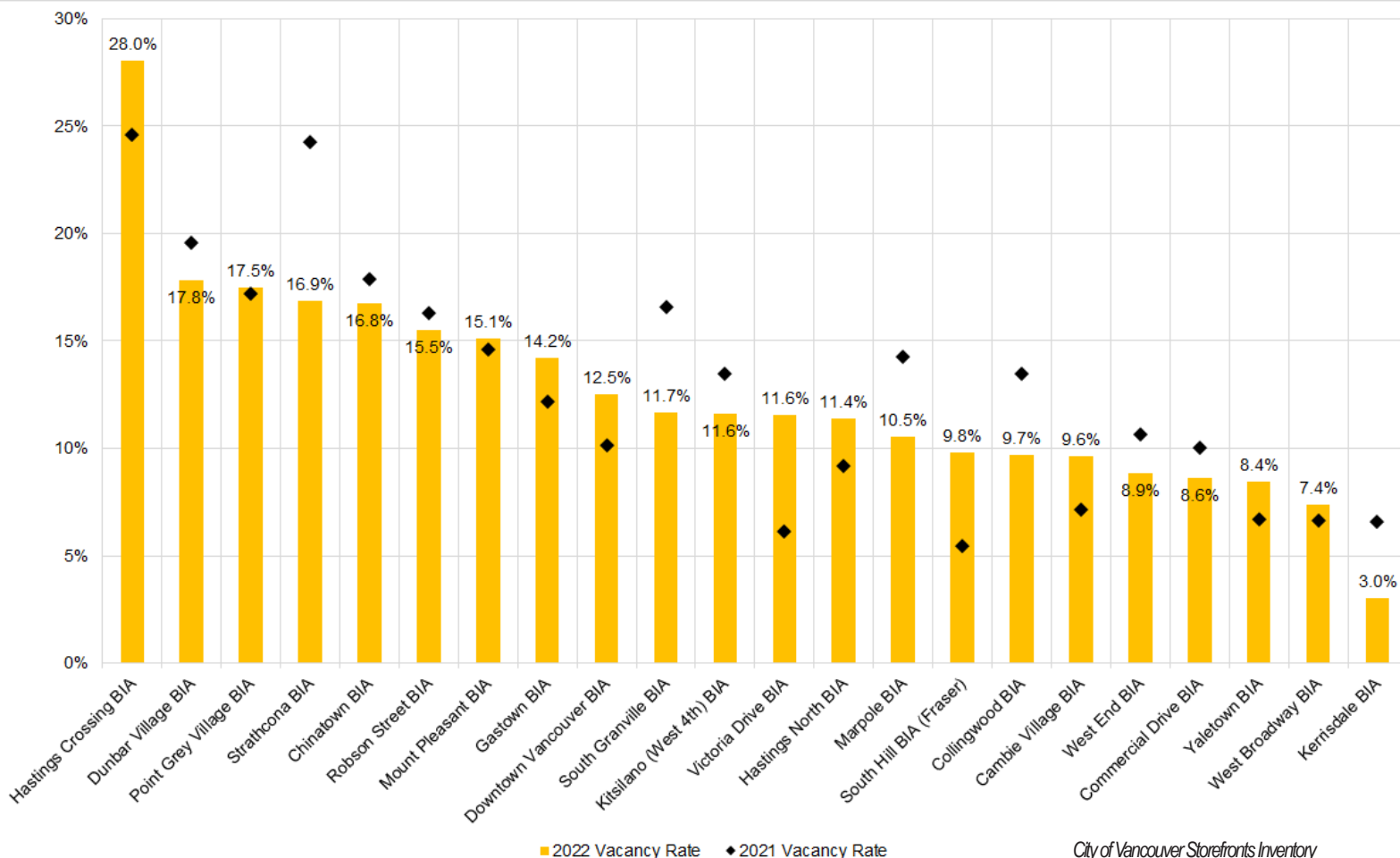
Change in Retail Mix

A variety of businesses types adds to the vibrancy and resilience of a local shopping area. The city-wide retail mix by general business category has remained proportionately consistent since 2020. Comparison goods such as clothing and home furnishing businesses, and food & beverage such as cafes and restaurants now account for a slightly smaller share of total storefronts citywide compared to spring 2020. Service commercial such as hair salons and accountants, and convenience goods such as grocery stores and pharmacies now account for a slightly higher share of total storefronts city-wide. The retail mix of individual areas is discussed below. Annual collection and reporting of area specific data provides critical information for considering whether changes to the city's land-use policy may be required to support area health over the long term.

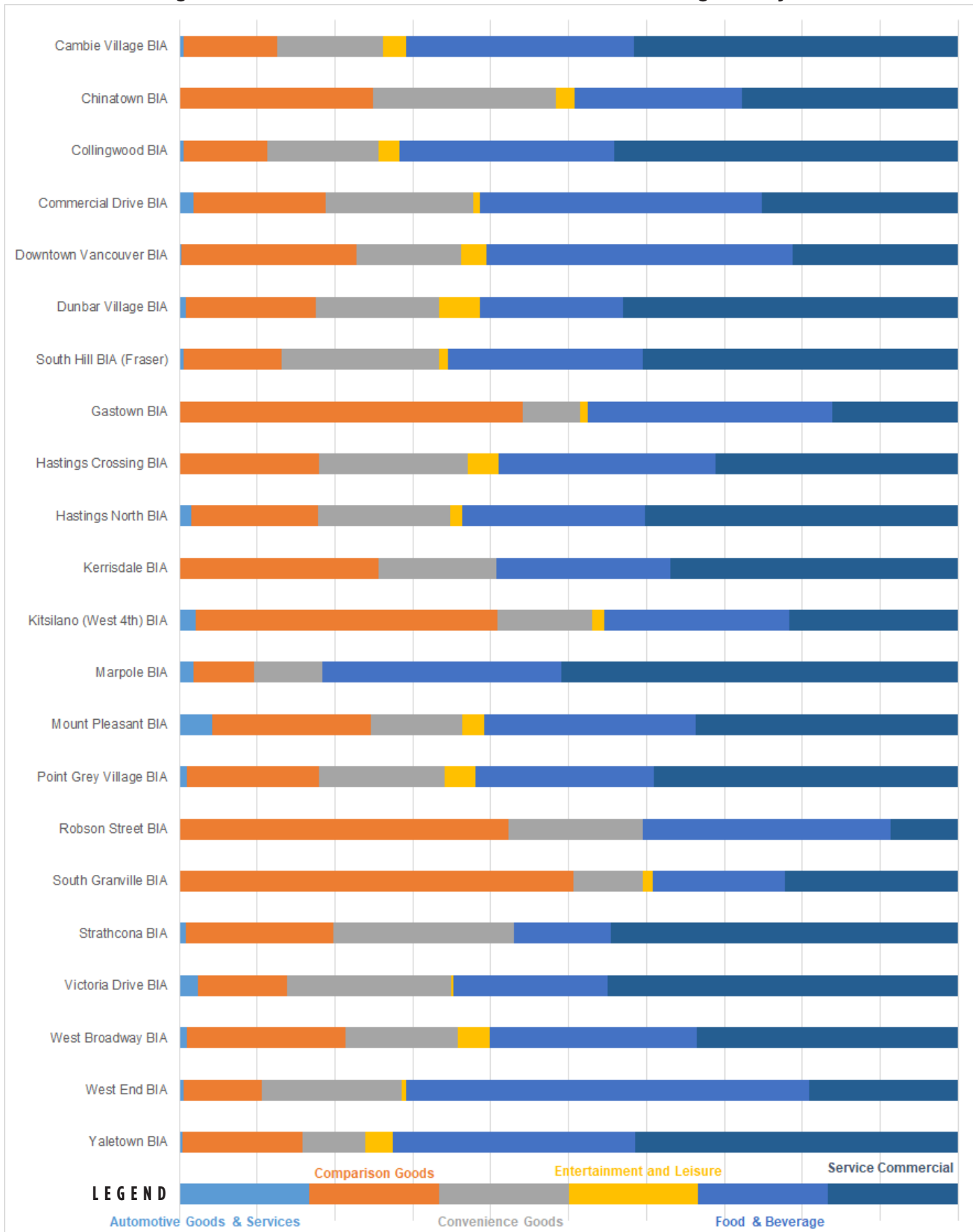**Figure 5: Storefront Retail Mix - General Business Categories City-wide**
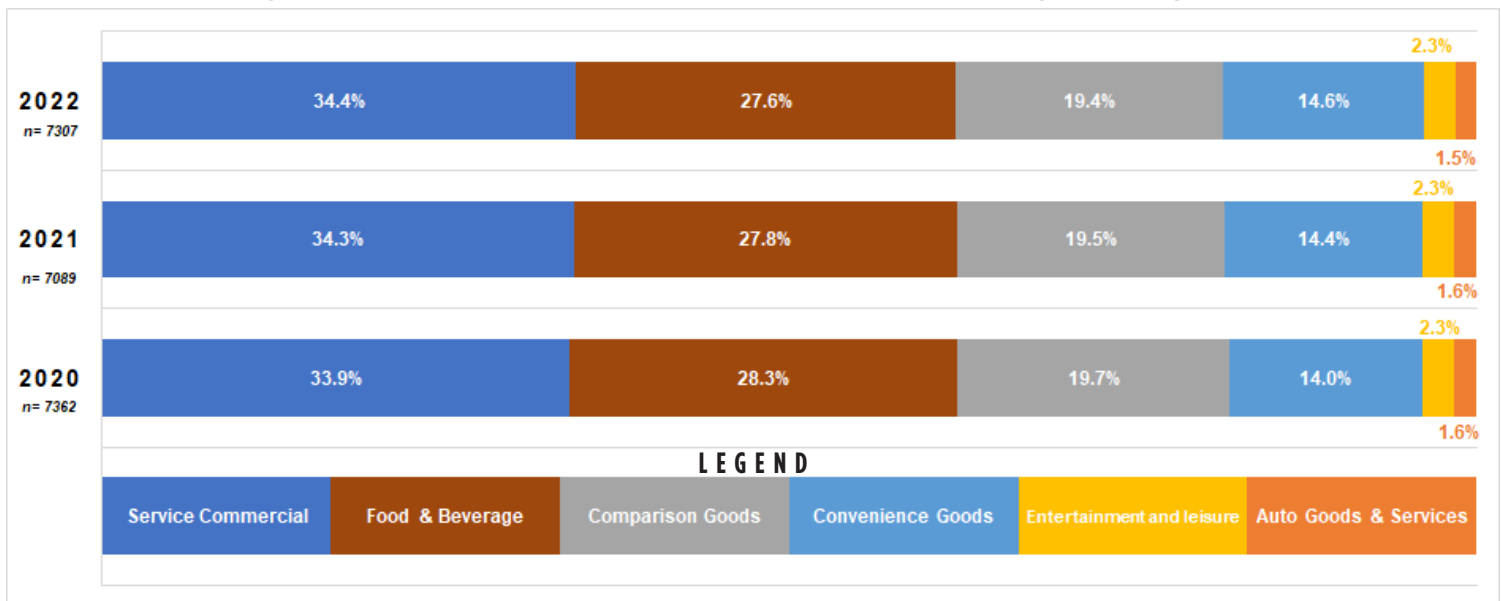
City of Vancouver Storefronts Inventory

Distribution of Retail Mix

The retail mix within local shopping areas varies considerably across the city (Figure 6). South Granville BIA, Gastown BIA, Kitsilano BIA, and Robson BIA have a much higher than average share of comparison goods, indicating that these areas may play more of a destination shopping area role in the city compared to other areas. Mount Pleasant BIA and Yaletown BIA are experience destinations with large proportions of service commercial, food & beverage, and entertainment and leisure businesses. Victoria Drive BIA and Hastings North BIA have large proportions of commercial service businesses. Downtown Vancouver BIA has the most storefronts (814) of all BIAs and the most storefronts for all non-auto related general business categories.

Figure 6: Storefront Retail Mix - General Business Categories by BIA

BIA	
Cambie Village BIA	
Chinatown BIA	
Collingwood BIA	
Commercial Drive BIA	
Downtown Vancouver BIA	
Dunbar Village BIA	
South Hill BIA (Fraser)	
Gastown BIA	
Hastings Crossing BIA	
Hastings North BIA	
Kerrisdale BIA	
Kitsilano (West 4th) BIA	
Marpole BIA	
Mount Pleasant BIA	
Point Grey Village BIA	
Robson Street BIA	
South Granville BIA	
Strathcona BIA	
Victoria Drive BIA	
West Broadway BIA	
West End BIA	
Yaletown BIA	

LEGEND

Comparison Goods · Entertainment and Leisure · Service Commercial

Automotive Goods & Services · Convenience Goods · Food & Beverage

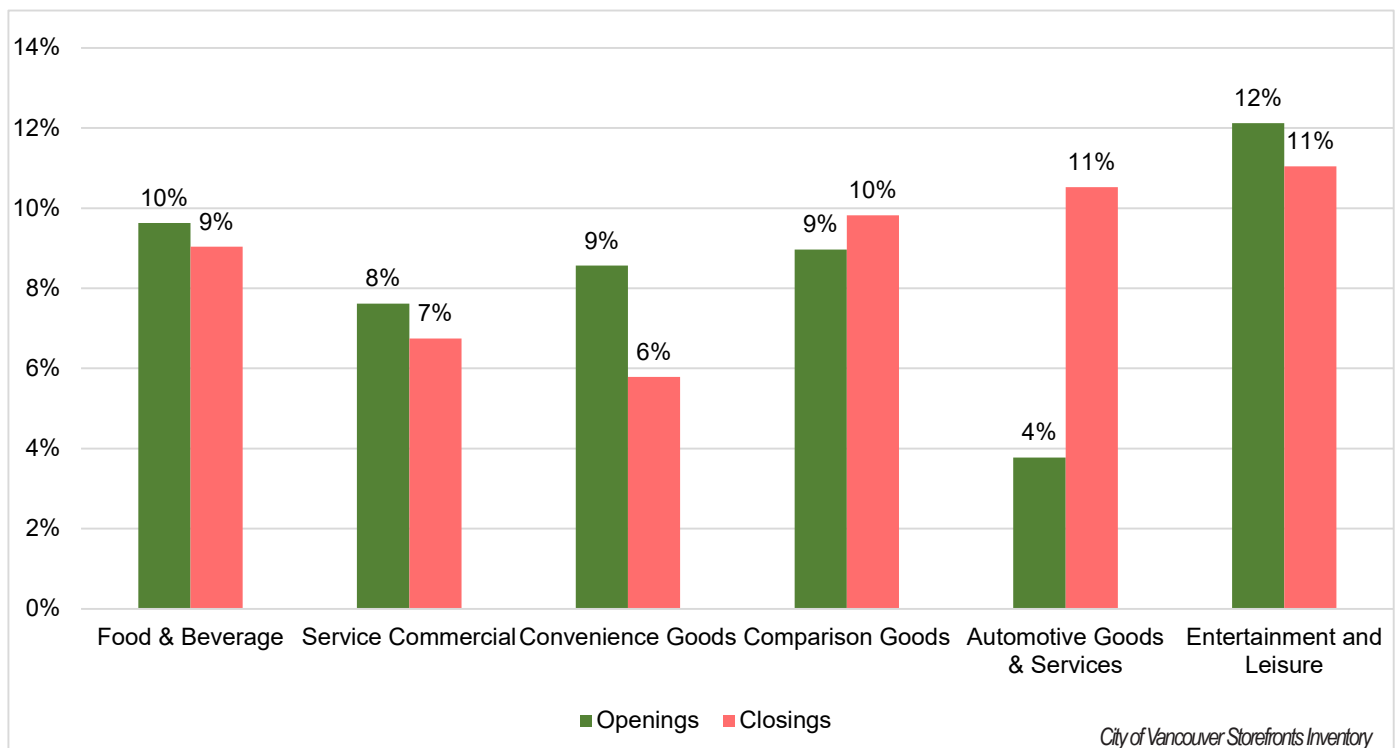*City of Vancouver Storefronts Inventory*

Storefront Turnover

Business type changed in many spaces due to business closures (572) and openings (616) from spring 2021 to spring 2022. Generally, this change followed trends in the retail market that existed before the pandemic, such as a shift away from comparison goods to convenience goods, and the growth of 'experience' retail, i.e. the focus on customer's in-store experience and not just the sale of goods. The move to online shopping is part of these shifts, and COVID-19 may have accelerated this transition. This can be seen in the different rates at which businesses closed and opened in each of these retail categories. The City will continue to monitor retail mix.

Figure 7 shows the distribution of all openings and closings by business type comparing last year's inventory to this year's inventory. Although significant numbers of food & beverage businesses (such as restaurants) closed between 2021 and 2022, more food & beverage businesses opened than closed during the same period. Comparison goods, (such as clothing retail), closed at a faster rate than they opened. Service commercial (which includes hair and nail salons, and financial and legal services); and, convenience goods (which includes grocery stores, pharmacies, and bakeries) had proportionately more openings than closings. The automotive goods & services businesses (such as tire and lube service businesses) closed at a faster rate than opened.

Should this trend continue over the long term, we could see a noticeable shift in the composition of our commercial high streets with convenience goods taking up a larger share of storefronts

Figure 7: Openings and Closings by General Business Category 2021-2022

City of Vancouver Storefronts Inventory

Methodology & Assumptions

Storefronts Inventory

The annual Storefronts Inventory is a City of Vancouver survey of storefronts in each of the local shopping areas. The field survey (a visual inspection of ground floor Commercial Retail Units in every Business Improvement Area and major commercial-retail high street in Vancouver, supplemented by business license data and online research) started in 2020 and continues to be repeated by staff in March each year. The 2022 survey reviewed over 8800 storefronts in the city. As not all businesses are located in storefronts (e.g. offices, industrial spaces etc.) not all businesses in the city are included in this inventory.

The survey field work is completed by City of Vancouver staff using cell phones to record changes, note and flag issues, and record time of collection through a GIS app. The data is further validated using business licence data. In addition, storefronts data in Business Improvement Areas are validated by each BIA. Staff code the validated data for business categories to allow for analysis. Interior suites in malls and non-retail storefronts such as office buidlings, churches, libraries and vacant lots are not included in the calculations.

Storefronts Universe

The total number of storefronts surveyed is not the entire "universe" of storefronts in the city. The 2020 inventory focused on the high streets and large storefront clusters, i.e the majority of storefronts in the city. In 2021 and 2022 these areas were fine-tuned adding new and missed storefronts in existing survey areas. Future inventories will add small clusters and new storefronts with the aim to include all storefronts in the city.

Storefront totals change from year to year due to existing storefronts splitting and merging, new commercial space opening, missed storefronts added, and new areas included in the field work.

Vacant Status

A storefront is considered vacant if it is unoccupied, regardless of lease status or permitting status during the annual Spring field survey. Storefronts under tenant improvement are considered "Vacant Under Construction" as the space is unavailable and the work could take more than a year to complete. This category is separate from vacant.

Healthy Vacancy

The 2020 Retail-Commercial District Small Business Study recommended storefront vacancy as an indicator of retail health. Specifically, the study identified 5-7% as the target range of healthy vacancy. Over 10% was described as unhealthy.

General Business Category

All storefronts are coded based on their occupants type. The following are examples of the types of businesses in each general business category.

Comparison Goods
- THRIFT/SECOND-HAND MERCHANDISE
- SPORTING GOODS
- PETS & PET SUPPLIES
- APPLIANCE
- FURNITURE / HOME FURNISHINGS
- BOOKSTORE/MAGAZINES/NEWSPAPERS
- BICYCLE SHOPS
- HOME IMPROVEMENT
- ART GALLERY/FRAMING
- CLOTHING APPAREL
- TOYS/HOBBIESTOYS/HOBBIES

Convenience Goods
- LIQUOR STORE / BEER AND WINE
- SUPERMARKET
- GROCERY
- PHARMACY
- CONVENIENCE STORE
- SUPERMARKET
- BAKERY
- FLORIST
- MEAT MARKET
- HEALTH & BEAUTY ITEMS
- PHARMACY

Food & Beverage
- LICENSED RESTAURANT/PUBS/BAR
- FAST FOOD
- CAFÉ
- RESTAURANT
- SPECIALTY COFFEE/TEA

Service Commercial
- BARBER + BEAUTY SALON
- TRAVEL AGENCY
- OTHER/PHYSIO/MASSAGE/ACCUP/CHIRO
- STREETFRONT MEDICAL/DENTAL
- INSURANCE/REALTOR/INVEST. BROKER
- FINANCIAL/BANK/CREDIT UNION
- ACCOUNTING/LEGAL/NOTARY