

**From:** "Mochrie, Paul" <Paul.Mochrie@vancouver.ca>  
**To:** "Direct to Mayor and Council - DL"  
**Date:** 5/15/2023 5:06:35 PM  
**Subject:** Council report: Prioritization Framework for Planning Policy and Processing Applications  
**Attachments:** Memo to Mayor and Council - Project Update - Hotel Supply Tracking and Policy Work Program.pdf  
PDS - Prioritization Framework for Planning Policy and Processing Applications - 2023-05-09 RTS 15586.pdf  
2022 Houring Progress Update - presentation - RTS# 15579 (April 2023).pdf  
Memo to Mayor & Council - Vancouver Office Market Q1 2023.pdf

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Dear Mayor and Council

Further to my email below, and in preparation for the May 30<sup>th</sup> meeting wherein Council will consider the report "Prioritization Framework for Planning Policy and Processing Applications" for debate and decision, we are re-circulating the following information which has been previously shared with Council. This is being provided for information purposes only, for ease of reference and convenience. The materials include:

- Memo to Mayor & Council - Project Update: Hotel Supply Tracking and Policy Work Program (April 20, 2023)
- Memo to Mayor & Council - Vancouver Office Market Conditions - Q1 2023 (Dated May 1, 2023)
- Presentation to Council 2022 Housing Progress Update (April 26, 2023)
- Presentation to Council - Prioritization Framework for Planning Policy and Processing Applications (May 9, 2023)

As a reminder, if you have any questions on this matter, please direct them to Theresa O'Donnell. Staff will consolidate those questions and responses into a memo for Council, which will be posted publicly in advance of the May 30<sup>th</sup> Council meeting. In this regard, we ask that you **provide any questions by no later than Friday, May 26<sup>th</sup> @ noon**, to allow staff the ability to assemble the appropriate responses in time for sharing these in advance with Council and the public.

Many thanks,  
Paul

**Paul Mochrie** (he/him)  
City Manager  
City of Vancouver  
[paul.mochrie@vancouver.ca](mailto:paul.mochrie@vancouver.ca)



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh) Nations.

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**From:** Mochrie, Paul <[Paul.Mochrie@vancouver.ca](mailto:Paul.Mochrie@vancouver.ca)>  
**Sent:** Wednesday, May 10, 2023 12:50 PM  
**To:** Direct to Mayor and Council - DL  
**Cc:** City Manager's Correspondence Group - DL <Theresa.O'Donnell@vancouver.ca>  
**Subject:** Council report: Prioritization Framework for Planning Policy and Processing Applications

Hello Mayor and Council,

I am writing in follow up to the above-referenced report that was considered by Council yesterday and referred to the meeting on May 30 for debate and decision. I understand that there is interest in convening a further staff briefing for

Council regarding the substance of the report prior to May 30.

Given the fact that the report has now been considered by Council and has been the subject of extensive questions to staff in the public meeting, it could be procedurally problematic to conduct another briefing in advance of Council's decision on this matter and canvass another round of detailed verbal questions outside a public Council meeting.

As we have in the past, staff are available to assist members of Council in drafting or refining any amendments to the staff recommendations set out in the report. Please do not hesitate to reach out to Theresa for assistance in that regard.

Also, if there are further questions regarding the report or recommendations, I would recommend you convey those questions to Theresa or me in writing. We provide you with a consolidated written response in advance of the May 30. Those written responses can also be made available to the public.

I trust that makes sense. If you have any questions/concerns regarding this approach, please let me know.

Best,  
Paul

**Paul Mochrie (he/him)**  
City Manager  
City of Vancouver  
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## MEMORANDUM

April 20, 2023

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Maria Pontikis, Chief Communications Officer, CEC  
Rosemary Hagiwara, Acting City Clerk  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Acting Chief of Staff, Mayor's Office  
Trevor Ford, Director of Operations, Mayor's Office  
Chief Executive Officer, Vancouver Economic Commission  
Kirsten Langan, Communications Manager, Civic Engagement and Communications

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

SUBJECT: Project Update: Hotel Supply Tracking and Policy Work Program

RTS #: N/A

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### Overview:

On Monday March 6, Destination Vancouver (DV) released a study highlighting the lack of hotel supply in Vancouver and potential impacts on the provincial economy ([Appendix A](#)).

Staff in Planning, Urban Design and Sustainability (PDS) continue to work with DV to monitor and research the supply and demand for hotel rooms. Additionally, Staff have sought advice from hotel industry consultants to further inform the City's understanding of local hotel needs and development considerations. This work has been summarized in [Appendix B](#).

This memo provides Council with a summary of the key findings from the DV study with updated information on the volume of hotels under development in the city, an overview of the current hotel landscape, and next steps that staff will be taking in partnership with DV to investigate whether further policy actions are required.

## **DV Study Findings (Informed by Spring 2022 Development Statistics):**

Based on spring 2022 development tracking statistics, the DV study estimates that approximately 1,745 hotel rooms will be added in the City of Vancouver by 2030 – falling short of projected demand by about 230 rooms and signaling the need for increased hotel development in the near term. The DV Study also notes the potential for a widening gap between supply and demand over the long term, with demand exceeding supply by about 5,400 rooms by 2050<sup>1</sup>. However, updated development data from March 2023 indicates Vancouver may actually exceed the 2030 target by about 500 rooms, noting the 2050 numbers are still lower than the DV targets. Appendix B provides additional information on alternative scenarios for hotel supply.

## **Advice from Hotel Industry Consultants: Vancouver Should Encourage Diversification of the Hotel Supply**

Hotel industry consultants have recommended that the City continue to encourage the diversification of the local hotel room supply in terms of location, type and price point. This will help to ensure that the city is better positioned to attract a wider range of visitors, while also increasing resiliency to external shocks and stressors that may impact certain segments of the tourism industry over others. The consultant team has also pointed out that the hotel industry is evolving and adapting to meet changes in market demand. Trends include automation, use of innovative technology, and new hotel types such as micro suite hotels which are small, affordable, units at 200 ft<sup>2</sup> or less with high-quality furnishings and common social areas. Additionally, extended stay hotels provide long term accommodation with in-suite amenities such as laundry and kitchen.

## **Next Steps**

Next steps will include continued work with DV and the hotel industry to understand the nature of anticipated demand including desired hotel types, locations and price points. Additionally, detailed economic testing is planned in order to determine the type and extent of possible incentives to drive new hotel development, and to further determine the value gap, if any, between hotel and other permitted uses which compete for space in high-traffic zones.

Staff are targeting a report back to Council on the results of the next phases of research work in Q1 2024.



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

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<sup>1</sup> The hotel demand projection presented in the DV report is long term and subject to change. It is one possible scenario and is helpful for informing continued work on hotel development policy.



## **APPENDIX A:**

# Economic Analysis of Hotel Supply and Projected Demand in Metro Vancouver, 2023 to 2050

Destination Vancouver



# Destination Vancouver

Economic Analysis of Hotel Supply and Projected Demand in  
Metro Vancouver, 2023 to 2050

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## 1 INTRODUCTION

### 1.1 PROJECT BACKGROUND

Before the COVID-19 pandemic, the Metro Vancouver region welcomed over 11 million overnight visitors annually from around the world travelling for leisure and business purposes. The spending by these visitors is an important source of economic impacts across a range of industries, creating economic output, GDP, employment, and government tax revenues in the region. As well, many visitors combine their trip to Vancouver with travel in other parts of the province, thereby generating economic impacts throughout B.C.

While the years 2020 and 2021 saw significant declines in tourism around the world, there are signs in 2022 that the sector is on its way to recovery, and by 2025 visitation to Metro Vancouver is expected to have returned to the same levels seen pre-pandemic. Forecasts from a variety of agencies expect tourism activity to continue to grow in the years beyond.

At the same time, however, the number of hotel rooms, particularly in the City of Vancouver<sup>1</sup>, is expected to grow slowly. As a result, concerns have been raised over the likelihood that an increasing number of potential visitors may not be able to find hotel accommodation in the City of Vancouver, thereby resulting in foregone visits with an accompanying loss of visitor spending and associated economic impacts.

### 1.2 PROJECT PURPOSE AND STUDY SCOPE

Destination Vancouver engaged MNP LLP (“MNP”) to study the potential economic implications of foregone hotel room demand between 2023 and 2050. This study is an update to a similar analysis conducted by MNP for Destination Vancouver in 2019.

The study included a review of projected demand and supply of hotel rooms in both the City of Vancouver and other parts of Metro Vancouver (“Rest of Metro Vancouver”), an examination of the economic impacts created and foregone in both the City of Vancouver and the Rest of Metro Vancouver and a high level review of the environmental and social impacts associated with hotel usage.

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<sup>1</sup> For the purpose of this report, “City of Vancouver” or “Vancouver” are used interchangeably, and refer to the accommodation properties within the City of Vancouver. “Rest of Metro Vancouver” are those in the other municipalities of the Metro Vancouver Regional District. There are occasions when the data does not support disaggregation and the reporting is for all of Metro Vancouver, or the data are published for other regional geographies such as the Vancouver, Coast & Mountains Tourism Region. These have been indicated in the report.



The scope of the study consisted of:

- Gathering relevant data from public sources and Destination Vancouver.
- Development of the models used for the analysis.
- Estimation of the foregone economic impacts under different projections of hotel supply and room night demand.
- Presentations to Destination Vancouver staff.
- Preparation of a summary report which describes the main components of the study and presents the study results.

### 1.3 REPORT RESTRICTIONS

This report has been prepared for Destination Vancouver and is intended for information purposes and general guidance only. Any use that a third party makes of this report or reliance thereon, or any decision made based on it, is the responsibility of such third party. MNP accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions taken, based on this report.

MNP has relied upon the completeness, accuracy and fair presentation of all information and data obtained from Destination Vancouver and public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the report is conditional upon the completeness, accuracy and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions expressed for business investment purposes and disclaim any liability to any party who relies upon them as such.

The financial and economic analysis contained in the report is based on projections containing numerous assumptions regarding future events. Accordingly, actual results may vary from the information presented and such variations may be material. Accordingly, MNP expresses no assurance as to whether the projections underlying the economic and financial analysis will be achieved.

## 2 METHODOLOGY

The key steps carried out during the study consisted of:

- Collection of data on historical hotel room demand and supply, future hotel construction, visitor characteristics, and spending profiles.
- Projection of room night demand and supply.
- Projection of foregone visitor spending.
- Projection of foregone economic impacts.
- Estimation and projection of environmental impacts.
- Estimation of the size and socio-economic characteristics of the accommodation industry labour force.

In the following sections we provide a summary of each of these key steps.

### 2.1 COLLECTION OF DATA

Data for the study were collected from Destination Vancouver, Destination BC, and public sources as outlined below:

- Destination Vancouver provided visitor numbers including projections from the Visitor Volume Model, and information on hotel construction and development applications across Metro Vancouver as of August 2022.
- Information on average daily room rates was gathered from Destination Vancouver.
- Data from public sources included information on visitor spending from Statistics Canada's National Travel survey; hotel room demand and supply reported in CBRE's Trends in the Hotel Industry publication; long-term forecast trends from the Commercial Market Outlook published by Boeing; and the Cornell Hotel Sustainability Benchmarking index provided information about the environmental impact of hotels.
- Information about the accommodation industry labour force was drawn from reports prepared by go2HR (using data from Statistics Canada), as well as supplementary information from Statistics Canada's Survey of Employment, Payroll & Hours (SEPH) and Labour Force Survey (LFS), along with the 2016 Census of Population.



## 2.2 REVIEW OF PROJECTIONS OF ROOM NIGHT DEMAND AND SUPPLY

The projections of room night demand and supply were developed by MNP and reviewed and adjusted as agreed with Destination Vancouver. In brief, the following steps were involved with the development of room night demand and supply projections:

- **Hotel Room Night Demand.** Hotel room night demand was projected using historical room night demand together with projections of future visitor numbers from the Visitor Volume Model and travel growth rates forecast by the Conference Board of Canada and Boeing's "Commercial Market Outlook". Hotel room night projections were made for both the City of Vancouver and other communities in the Rest of Metro Vancouver.
- **Hotel Room Supply.** Hotel room supply was projected using data provided by Destination Vancouver on planned and announced changes in hotel capacity. Hotel room supply projections were also made for both the City of Vancouver and the Rest of Metro Vancouver.

## 2.3 PROJECTION OF FOREGONE VISITOR SPENDING

Foregone visitor spending refers to the amount of visitor spending that is projected to be lost because potential visitors are not able to find hotel accommodation. Projections of foregone visitor spending were developed using a combination of spending profile information and assumptions regarding the subsequent course of action for potential visitors unable to obtain hotel accommodation:

- **Spending Profile Information.** Spending profiles were developed for visitors staying in hotels in the City of Vancouver, visitors staying in hotels in the Rest of Metro Vancouver as well as for visitors staying in short-term rental.<sup>2</sup> The details of these profiles can be found in Appendix 6.3.1.
- **Courses of Action for Potential Visitors Unable to Obtain Hotel Accommodation.** Visitors that are unable to obtain hotel accommodation were assumed to follow one of three courses of action:
  - relocating into short-term rental (for example, an Airbnb location);
  - seeking a hotel room outside of the City of Vancouver but within the Rest of Metro Vancouver (this is applicable to the City of Vancouver demand only and is contingent upon hotel rooms being available in the Rest of Metro Vancouver); and
  - foregoing the visit to Metro Vancouver.

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<sup>2</sup> Based on Statistics Canada's National Travel Survey - Spending profile of overnight visitors to Vancouver CMA staying in Hotels; CBRE - Average Daily Rate (ADR) in Downtown Vancouver and Rest of Metro Vancouver; AirDNA - Hotel Comparable ADR for Short-term rentals such as Airbnb and HomeAway.

## 2.4 ESTIMATION OF FOREGONE ECONOMIC IMPACTS

In general, economic impacts are viewed as being restricted to quantitative, well-established measures of economic activity. The most commonly used of these measures are output, GDP, government tax revenue, and employment:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer. This is the broadest measure of economic activity.
- **Gross Domestic Product (“GDP”)**, or value added, refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus, GDP is equal to the unduplicated value of goods and services produced.
- **Government Tax Revenues** are the total amount of tax revenues generated for different levels of government. Tax revenues arise from personal income taxes, corporate income taxes, taxes on products, and taxes on production. Please note that because tax revenues can frequently change due to modifications in tax policy, the tax revenue impacts in this report are estimates only and subject to change. They should be viewed as approximate in nature.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents (“FTEs”). One FTE may be considered one person-year of employment. That is, one FTE is the equivalent of one person working full-time for a period of one year.

Economic impacts may be estimated at the direct, indirect and induced levels:

- **Direct impacts** are due to changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of an industry, organization or project.
- **Indirect impacts** arise from changes in activity for suppliers of the “front-end” businesses.
- **Induced impacts** arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses.

To estimate the economic impacts, the model follows an input-output methodology using economic multipliers published by Statistics Canada.<sup>3</sup> Input-output modeling is a widely-used and widely-accepted economic impact approach, making it recognizable by many different stakeholders and audiences. The structure of the approach also facilitates easy comparisons between reported results for different industries and organizations. All dollar values in the report and model are presented in 2022 dollars.

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<sup>3</sup> Estimates contained in this report are based on Statistics Canada’s Provincial Input-Output Multipliers, 2018.



## 2.5 ESTIMATION OF ENVIRONMENTAL IMPACTS

In order to estimate the environmental impacts associated with hotels, this report relies on the Cornell Hotel Sustainability Benchmarking (CHSB)<sup>4</sup>. The 2021 CHSB report provides a 2019 baseline for the carbon, energy, and water use for hotels. Included in the CHSB index are data for hotels in the Vancouver Census Metropolitan Area (CMA), which is approximately the same geographic area as Metro Vancouver.

Information about solid waste associated with hotels is derived from information published by Metro Vancouver in the report 2014 ICI Waste Characterization Program. Since that time, Metro Vancouver has pursued waste reduction strategies, and it is unknown the extent to which those have impacted the accommodation industry's waste. A more recent report published by Metro Vancouver on waste characterization used data collected in 2020 and does not include a separate accommodation industry category. Furthermore the report makes note of the fact that the 2020 results are unique due to the impact of the COVID-19 pandemic and "are shown in comparison to previous years in order to illustrate the differences rather than the trends".<sup>5</sup>

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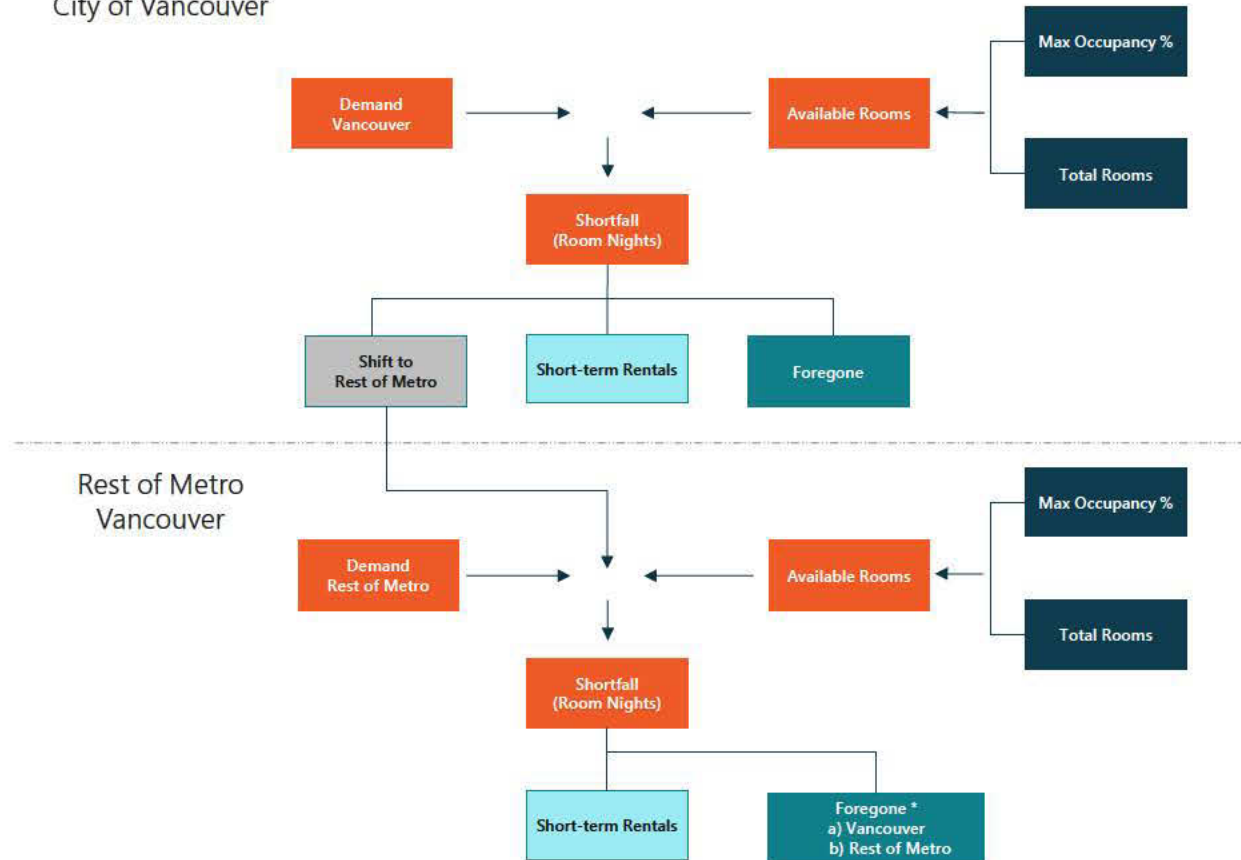
<sup>4</sup> Eric Ricaurte and Rehmaashini Jagarajan (2021), *Hotel Sustainability Benchmarking Index 2021: Carbon, Energy, and Water*, Cornell Center for Hospitality Research <https://ecommons.cornell.edu/handle/1813/109990>

<sup>5</sup> Metro Vancouver, *2020 Waste Composition Study*.

## 2.6 DIAGRAM OF THE ANALYSIS MODEL STRUCTURE

The following diagram illustrates how the key steps described in sections 2.1 to 2.4 were incorporated into the structure of the model. Based on the numbers of foregone nights, foregone spending and economic impacts were estimated for both the City of Vancouver and the Rest of Metro Vancouver.

City of Vancouver



## 3 RESULTS

### 3.1 ASSUMPTIONS

This analysis is based on a number of assumptions about visitor volume changes, visitor spending, and hotel construction and occupancy. Changes in any of these conditions will result in different outcomes. For example, if visitor volumes grow more rapidly than the rate assumed in this analysis, a larger number of hotel rooms will be required to avoid foregone spending, and vice versa.

#### 3.1.1 Visitation

It is assumed that the City of Vancouver will see a return to 2019 visitation levels by 2025.

Beyond 2025, the forecast growth will be at rates slower than growth in visitor volume to Metro Vancouver in the decade prior to the COVID-19 pandemic.

#### 3.1.2 Visitor Spending

It is assumed that the seasonal and regional spending patterns of visitors observed in 2019<sup>6</sup> is unchanged over the forecast period.

Foregone spending is calculated using 2022 dollars (the year for which the most recent data were available).

#### 3.1.3 Maximum Hotel Occupancy Rate

For the purpose of this analysis, it was assumed that hotels can operate at up to 100% monthly occupancy. This assumption implies that every available hotel room is occupied every night of the month; implicit in this is that visitors are willing to shift the timing of their visit. That is to say, the monthly occupancy level at which foregone room nights begin is 100%. Historically, monthly occupancy rates in Metro Vancouver have not exceeded 92%. Realistically, anything above 95% for an entire month is extremely unusual.

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<sup>6</sup> The 2019 National Traveller Survey, Statistics Canada.



### 3.1.4 Courses of Action for Potential Visitors Unable to Obtain Hotel Accommodation

Visitors that are unable to obtain hotel accommodation (that is, when monthly occupancy rates exceed 100%) are assumed to follow one of three courses of action:

- Seeking a hotel room outside of the City of Vancouver but within the Rest of Metro Vancouver (this is applicable to the City of Vancouver demand only and is contingent upon hotel rooms being available in Metro Vancouver) = 50% of those unable to obtain accommodation;
- Relocating into short-term rental (for example, an Airbnb location) = 10% of those unable to obtain accommodation; and
- Foregoing the visit to the City of Vancouver = 40% of those unable to obtain accommodation.

## 3.2 SCENARIOS

This analysis is based on three scenarios for hotel construction and an increase in room numbers:

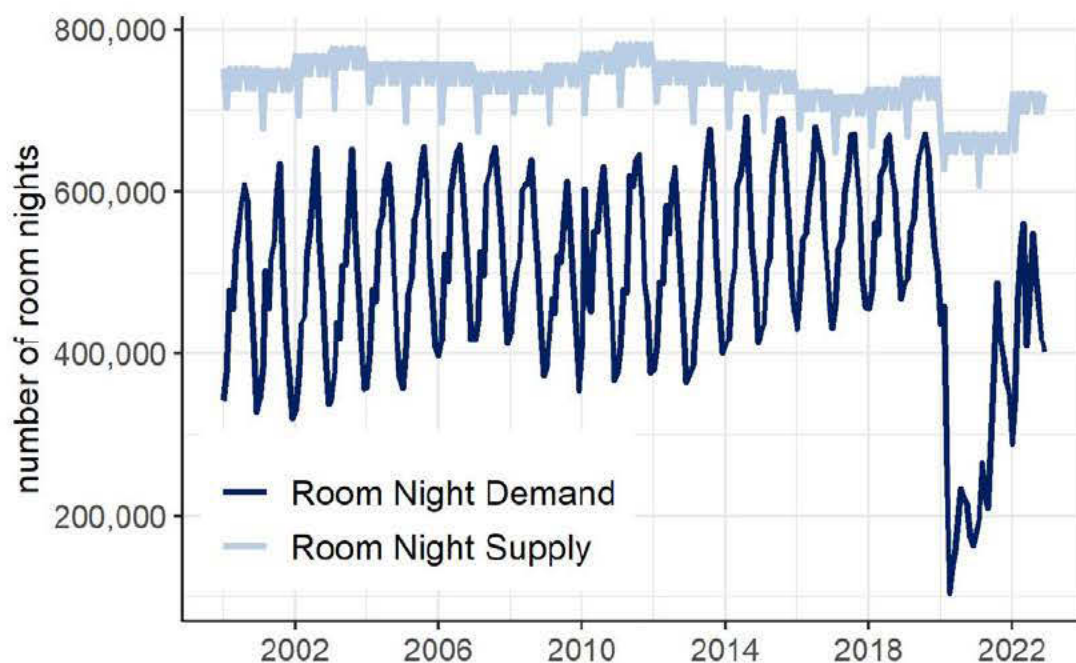
1. **No growth:** The number of hotel rooms will show no net increase from the 2022 baseline. (In this chapter.)
2. **Slow growth:** The number of hotel rooms will increase at a rate equal to 2022-2030 construction but with no further loss of existing rooms. (In Chapter 4, "New Hotel Construction")
3. **No foregone room nights:** The number of hotel rooms in Metro Vancouver will increase at a pace necessary to ensure that there are no foregone room nights. To achieve this, the number of rooms available in the peak month of August will accommodate all of the visitors (a 100% occupancy rate). In this scenario, the supply will meet the demand, and there will be no foregone visitor spending. (In Chapter 4, "New Hotel Construction")



### 3.3 HOTEL SUPPLY AND DEMAND

Figure 1 shows the monthly hotel room night supply and room night demand in Metro Vancouver from 2000 to 2022.

**Figure 1: Monthly Hotel Room Night Supply and Demand in Metro Vancouver from 2000 to 2022**

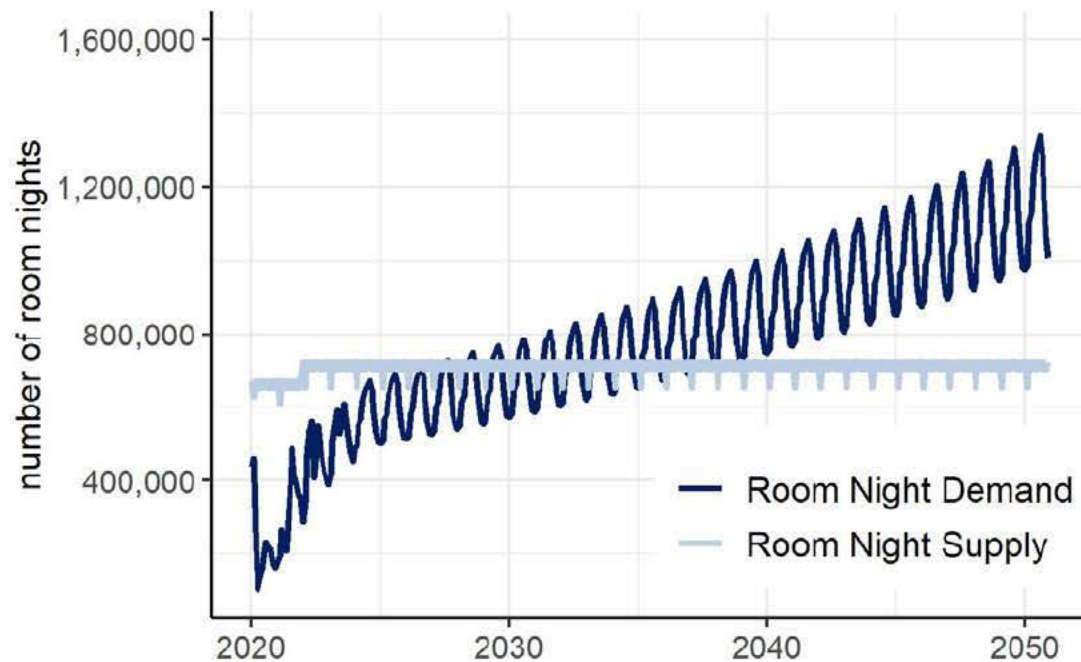


During the two years prior to the COVID-19 pandemic, annual hotel occupancy in Metro Vancouver reached 80%. During the 12 months of 2019, hotels in the region made available 23,449 rooms; across the year, this translated into 8.7 million available room nights. Just under 7 million room nights were used, for an overall annual occupancy rate of 80%.

There is a strong summer season in the tourism sector in the City of Vancouver, and prior to 2020 monthly occupancy rates exceeded 90%. As can be seen in Figure 1, during the summer season, the demand for hotel rooms was much higher than in other seasons. This trend is applicable for all years, except 2020, when the market was disrupted by the COVID-19 pandemic outbreak.

Estimating forward to 2050, the annual hotel room night demand in Metro Vancouver is projected to return to pre-pandemic levels by 2025, and then increase from 6.9 million room nights to nearly 8.2 million room nights by 2030, an average growth rate of 2.7% per year. As shown in Figure 2 below, continued growth means that the demand for hotel room nights will reach 10.7 million in 2040 and 13.9 million by 2050.

**Figure 2: Monthly Hotel Room Night Supply and Demand in Metro Vancouver from 2020 to 2050**



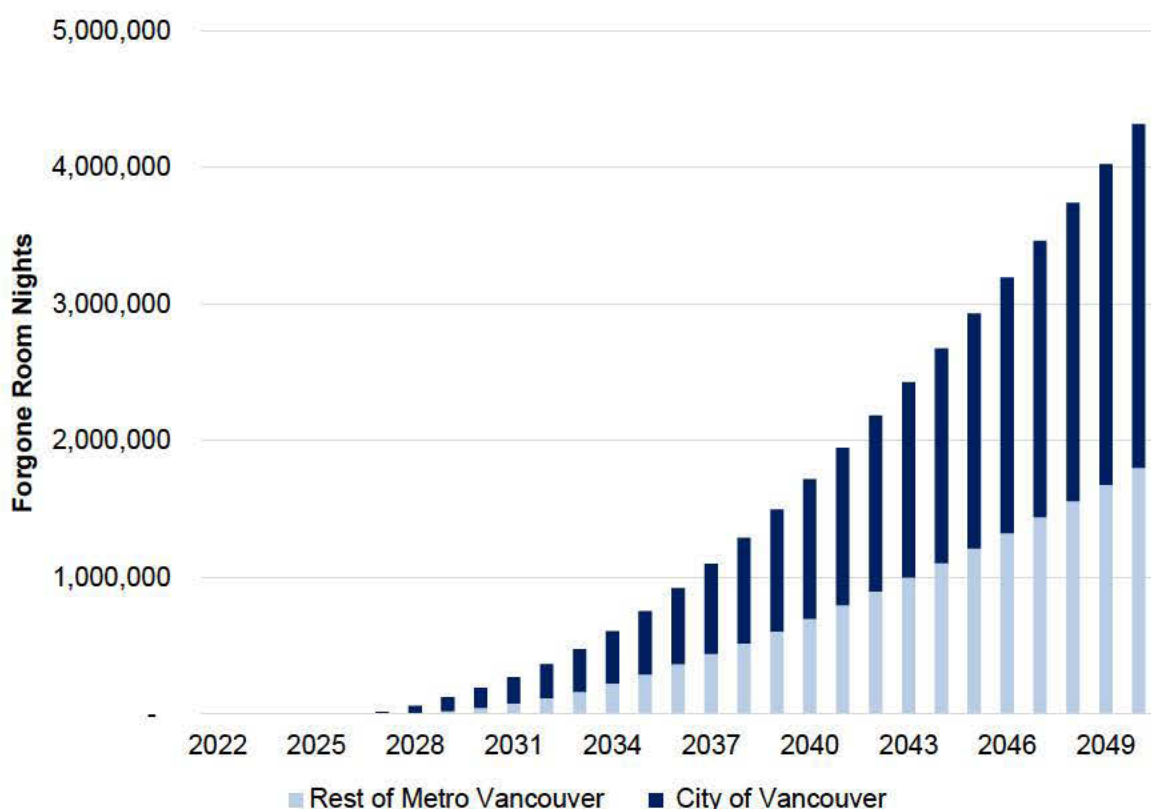
If the number of available rooms in Metro Vancouver remains unchanged over this period, it will mean an increasing number of visitors will be unable to find hotel accommodation, especially in the summer months when demand is highest. In the summer months, demand is forecast to exceed supply in Metro Vancouver by 2028, and by 2040 demand is projected to exceed the current supply for every month of the year. Although some excess demand may shift to short-term rental, most of it is likely to be foregone.

Figure 3 shows the projected lost annual room nights in Metro Vancouver from 2022 to 2050.

This chart shows only those room nights lost as people choose not to visit Metro Vancouver; it does not include visitors who visit Metro Vancouver but change from their preferred accommodation, whether that is from hotel to short-term rental, or from the City of Vancouver to elsewhere in Metro Vancouver.

There are two categories in the chart. The “City of Vancouver” category are visitors who initially wanted to stay in the City of Vancouver, but were unable to find accommodation in either the City of Vancouver or the Rest of Metro Vancouver. This recognizes that some potential visitors would be willing to switch their accommodation to elsewhere in Metro Vancouver, but would be unable to find accommodation there. The “Rest of Metro Vancouver” category wanted to stay elsewhere in the Metro Vancouver region, but were unable to find accommodation and were also foregone.

**Figure 3: Projected Foregone Room Nights in Metro Vancouver from 2022 to 2050**



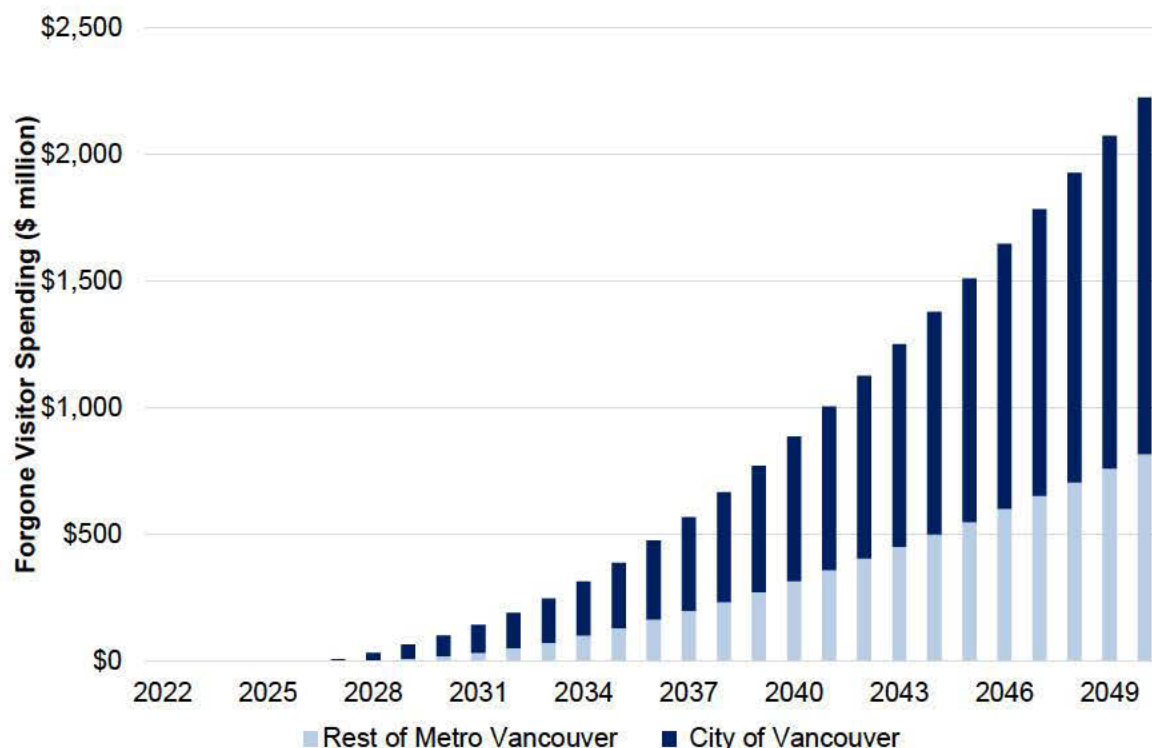


As travel recovers from the shock of the pandemic, the demand for hotel rooms is forecast to return to prepandemic levels by 2025. Based on this forecast, starting in 2026, demand for hotel rooms in the City of Vancouver would start to exceed the supply, and by 2030 the demand for hotel rooms across Metro Vancouver will outpace supply. From 2026 forward the number of foregone room nights will grow. It was projected that by 2050, there will be approximately a total of 4.3 million lost room nights in Metro Vancouver.

### 3.4 FOREGONE VISITOR SPENDING

Foregone visitor room nights are projected to lead to foregone visitor spending. Figure 4 shows the projected foregone visitor spending from 2022 to 2050 in Metro Vancouver.

**Figure 4: Projected Foregone Visitor Spending in Metro Vancouver from 2022 to 2050**

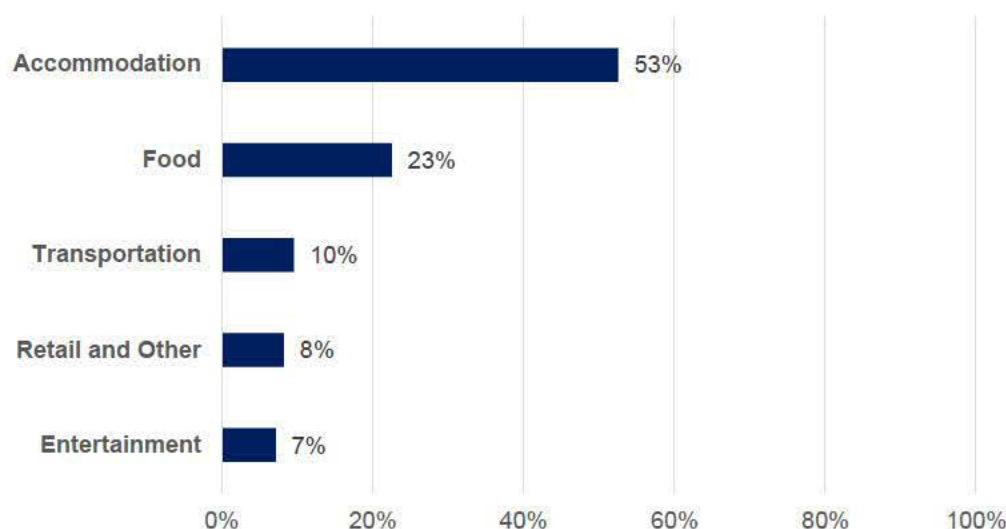


By 2050, the foregone visitor spending was projected to increase to \$2.2 billion in Metro Vancouver. Of this \$1.4 billion is attributable to people who were planning to stay in the City of Vancouver, and \$0.8 billion is attributable to people who were planning to stay in the Rest of Metro Vancouver. Between 2022 and 2050, the cumulative foregone visitor spending is projected to be approximately \$20.8 billion in Metro Vancouver. Please note that the estimates of foregone spending take into account the spending lost due to people choosing not to visit Metro Vancouver, as well as the reduced spending associated with visitors relocating into short-term rental or seeking a hotel room outside of the City of Vancouver but within the Rest of Metro Vancouver.



Foregone visitor spending can be broken down into its main categories: accommodation; food; retail and other; transportation; and entertainment. Figure 5 shows the breakdown by category of the projected cumulative foregone visitor spending in Metro Vancouver from 2022 to 2050.

**Figure 5: Breakdown of Projected Cumulative Foregone Visitor Spending in Metro Vancouver from 2022 to 2050**



Approximately half (53 percent) of the projected foregone visitor spending is expected to be on accommodation. Approximately one quarter (23 percent) of the projected foregone expenditure is expected to be on food. Transportation is expected to account for nine percent, while retail and entertainment expenditures are expected to account for eight percent and seven percent, respectively.

### 3.5 FOREGONE ECONOMIC IMPACTS

Foregone visitor spending results in foregone economic impacts. These are summarized below.

In 2050, the total foregone direct, indirect, and induced economic impacts from foregone visitor spending are projected to increase to approximately:

- \$3.3 billion in output: \$2.1 billion from people planning to stay in the City of Vancouver and \$1.2 billion from people planning to stay in Metro Vancouver
- \$1.8 billion in GDP: \$1.1 billion from people planning to stay in the City of Vancouver and \$0.7 billion from people planning to stay in Rest of Metro Vancouver
- 18,000 FTEs of employment<sup>7</sup>: 11,200 FTEs from people planning to stay in the City of Vancouver and 6,800 FTEs from people planning to stay in Rest of Metro Vancouver
- \$0.8 billion in tax revenue for all three levels of government: \$0.5 billion from people planning to stay in the City of Vancouver and \$0.3 billion from people planning to stay in Rest of Metro Vancouver

#### Measuring Cumulative Employment

One FTE is equal to one person working full-time hours for one year. In a single year, FTEs are roughly equal to the number of jobs that would result if all jobs were full-time. Cumulative FTEs over multiple years counts each FTE in each year in the period. Consequently, the number of cumulative FTEs will exceed the number of jobs, and should not be interpreted as measuring the number of jobs affected.

Table 1 summarizes the projected foregone cumulative economic impacts from foregone visitor spending in Metro Vancouver and the rest of BC. Between 2022 and 2050, the cumulative foregone economic impacts in BC from foregone visitor spending are projected to be approximately:

- \$30.6 billion in foregone output.
- \$16.6 billion in foregone GDP.
- 168,590 FTEs of foregone employment.
- \$7.5 billion in foregone tax revenue for all three levels of government.

**Table 1: Cumulative Foregone Economic Impacts from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050**

	Foregone Output (million)	Foregone GDP (million)	Foregone Employment (FTEs)	Foregone Total Tax Revenue <sup>8</sup> (million)
<b>Total Cumulative Foregone Impacts</b>	<b>\$30,601</b>	<b>\$16,610</b>	<b>168,570</b>	<b>\$7,500</b>

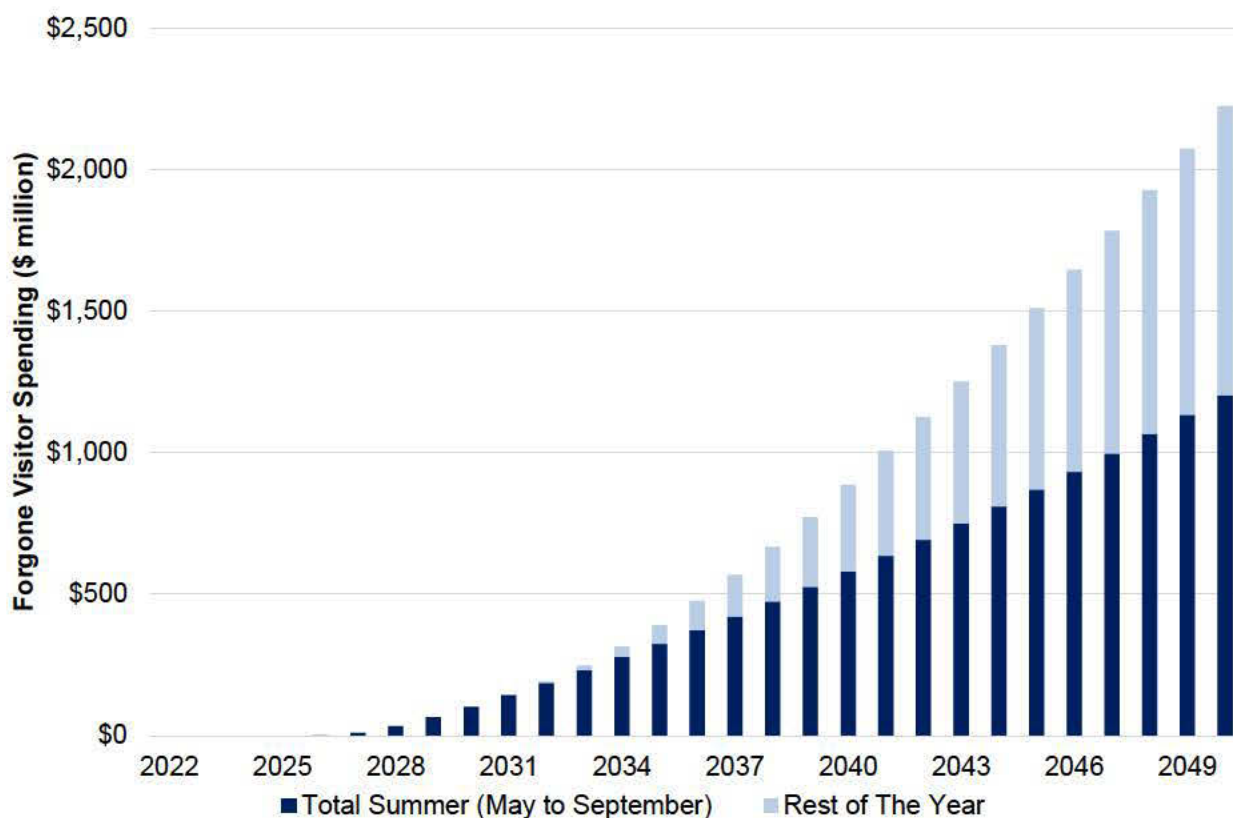
<sup>7</sup> One full-time equivalent (FTE) is equivalent to one person-year of employment.

<sup>8</sup> Includes Federal, Provincial, and Municipal Government tax revenue.

### 3.6 SEASONAL IMPACTS OF FOREGONE ECONOMIC IMPACTS

More than half of the foregone spending occurs during the five summer months of May to September. However as demand continues to increase, spending forgone during rest of the year is also projected to increase. Between 2025 and 2030, spending forgone during summer months is expected to account for all the foregone spending. This is expected to decrease to approximately 54 percent by 2050.

**Figure 6: Foregone Visitor Spending in Metro Vancouver During Summer Months Compared to Rest of the Year from 2022 to 2050**





## 4 NEW HOTEL CONSTRUCTION

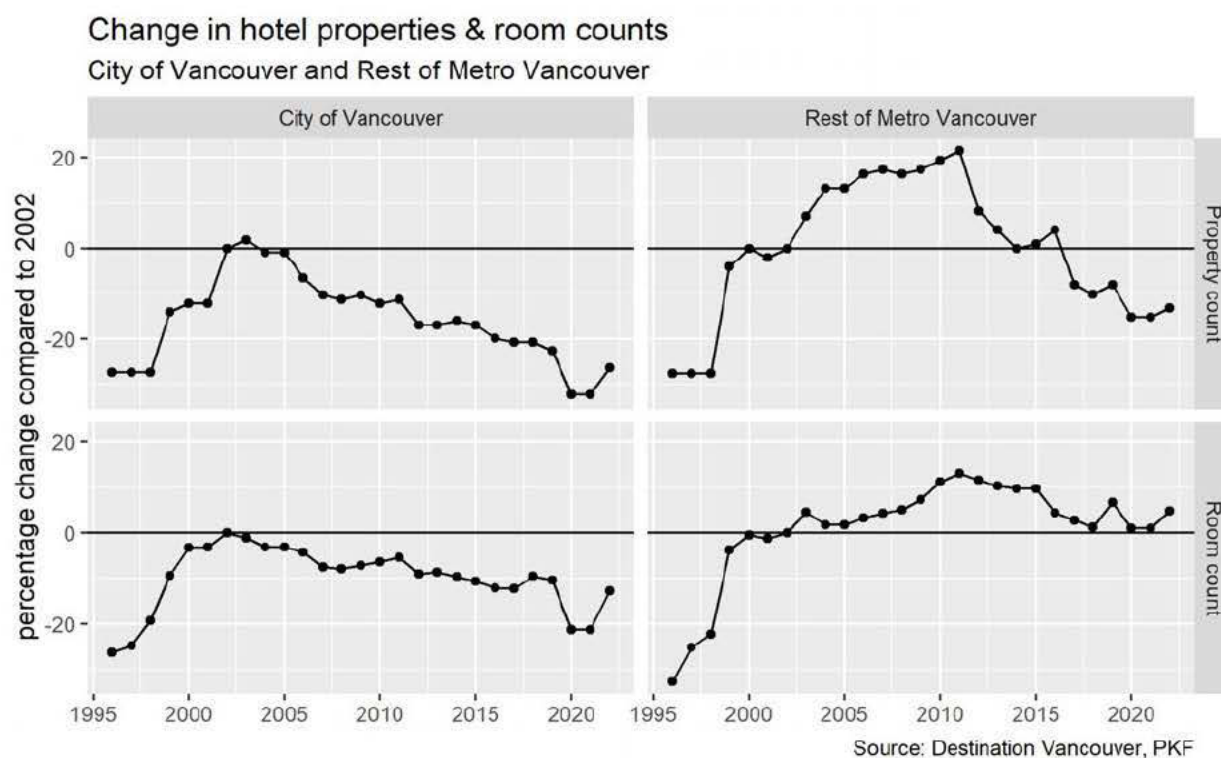
### 4.1 HISTORIC TRENDS IN HOTEL ROOMS

The number of hotel rooms in Metro Vancouver, including the the City of Vancouver, has shown little change since 2002. This has been the consequence of a variety of factors; these have been identified as hotel closures and conversions to residential uses (including social housing), the real estate, construction, and operating costs of new hotel developments, as well as the constraints imposed by land use zoning.<sup>9</sup>

As shown in Figure 7 below, the number of hotel rooms in the City of Vancouver has dropped by 12.8% from the maximum in 2002, when there were 15,242 rooms. The number of hotel properties in the City peaked one year later at 108, but with slightly fewer rooms (15,076). As of 2022 there are 13,290 rooms and 78 properties.

In the Rest of Metro Vancouver, the peak in hotel rooms was in 2011, when there were 14,424 rooms across 94 properties. As of 2022 there are 10,002 rooms and 85 properties.

**Figure 7: Percentage change in hotel property and room counts, 1996 to 2022 (index 0 = 2002)**



<sup>9</sup> See for example Sarah Kirby-Yung, "Vancouver's severe hotel room shortage looms over tourism recovery", 2021-11-23, at [dailyhive.com https://dailyhive.com/vancouver/vancouver-hotel-shortage-tourism-recovery](https://dailyhive.com/vancouver/vancouver-hotel-shortage-tourism-recovery). An earlier article at the same site can be found at <https://dailyhive.com/vancouver/interim-hotel-rooms-development-policy-vancouver-shortage>

Currently, 90% of the hotel rooms in the City of Vancouver are in the downtown area, with 10% in other parts of the City of Vancouver. The decline in hotel rooms has disproportionately impacted the other parts of the City of Vancouver; downtown lost 10% of its rooms in the period from 2002 to 2022, while other parts of the City of Vancouver lost 28%.

#### 4.1.1 Near-term Hotel Development

Based on development applications and building permits, it is possible to gain insights into additional hotel capacity that is planned to be added between 2022 and 2028. The table below shows new hotel developments that are under construction, or have had building permits or development applications submitted, for the City of Vancouver and the Rest of Metro Vancouver, through 2028 and projections of additional hotel rooms for 2029 and 2030. This forecast suggests that in total, by 2030 an additional 3,452 rooms will be added across Metro Vancouver.

**Table 2: New Hotel Construction, the City of Vancouver & Rest of Metro Vancouver, 2022-2030**

	City of Vancouver			Rest of Metro Vancouver	
	Downtown Vancouver	Other Vancouver	Total rooms	Additional rooms	Total rooms
2022			13,290		10,002
2023		270	13,560	124	10,126
2024	300		13,860	806	10,932
2025		585	14,445	207	11,139
2026			14,445	0	11,139
2027			14,445	200	11,339
2028	180		14,625	0	11,339
2029*	95	95	14,815	200	11,539
2030*	95	95	15,005	200	11,739
<b>TOTAL</b>	<b>670</b>	<b>1,045</b>		<b>1,737</b>	

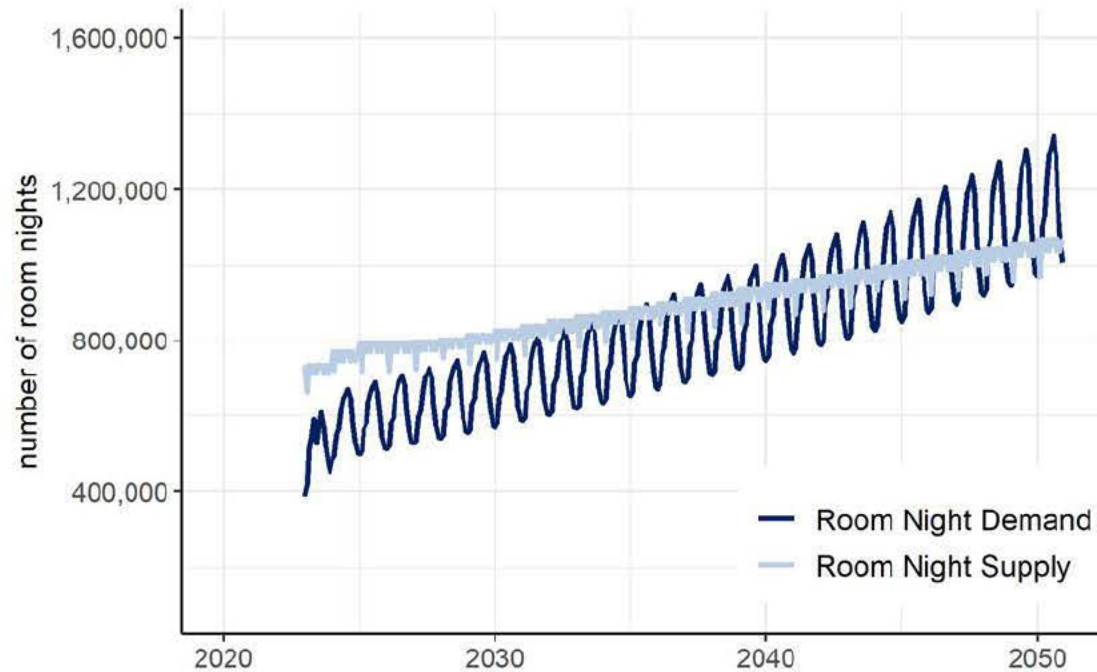
\* Information about hotels under construction or development is available to 2028. "Additional rooms" and "Total rooms" for 2029 and 2030 are projections based on growth from 2022 through 2028.

It was assumed, for the purpose of this analysis, that the City of Vancouver will add 190 hotel rooms per year from 2029 through 2050. Half of these net new hotel rooms will be in the downtown area and half in other parts of the City of Vancouver. Similarly, it was assumed the Rest of Metro Vancouver will add 200 net new rooms per year. While these growth rates are higher than what was observed between 2002 and 2022, they are in keeping with the near-term growth that will come from construction that is underway, along with development and building permits that have been submitted.

## 4.2 IMPACT ON FOREGONE ROOM NIGHTS

The addition of new hotel rooms, as shown in Section 4.1, would increase the available hotel room supply. This additional capacity would then lower the number of foregone room nights, foregone visitor spending, and associated foregone economic impacts. Figure 8 below shows the increase in room nights that would come with additional hotel rooms, compared to the forecast demand

**Figure 8: Monthly Hotel Room Night Supply and Demand in Metro Vancouver from 2020 to 2050, Scenario 2**

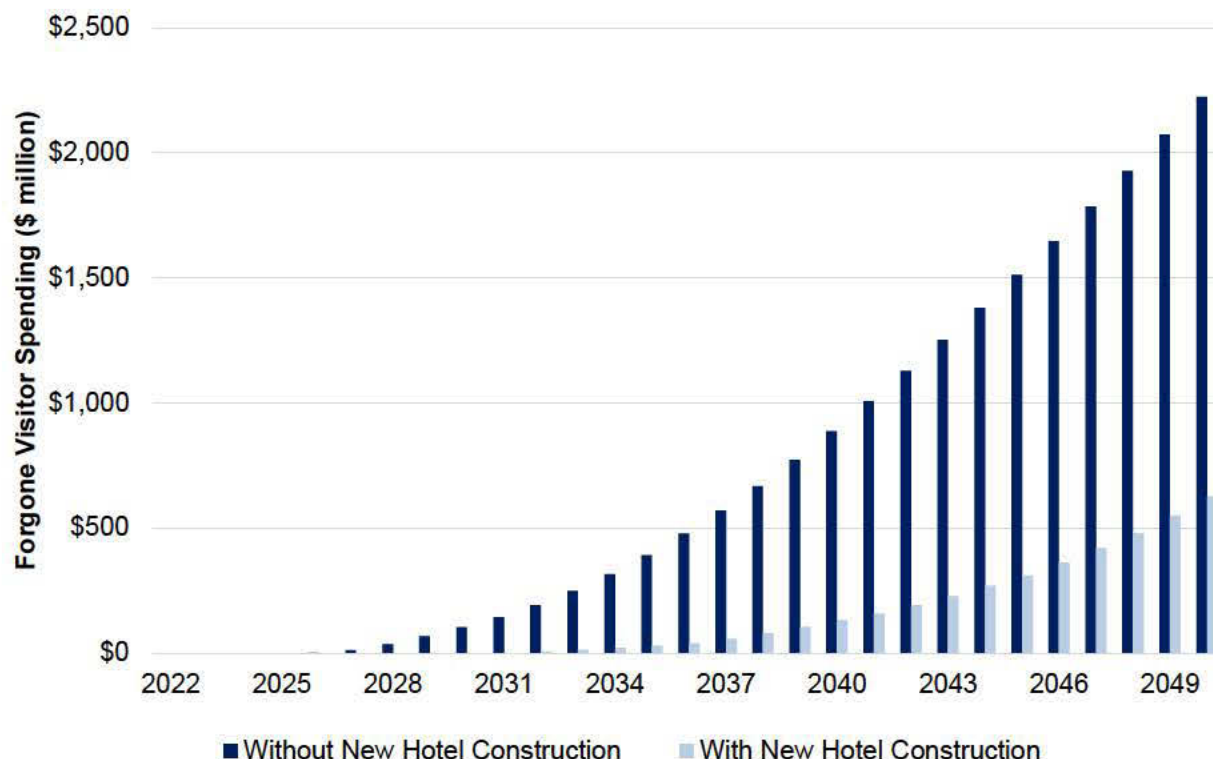




### 4.3 IMPACT ON VISITOR SPENDING & ECONOMIC IMPACTS

A reduction in foregone room nights would lead to a decrease in foregone visitor spending and associated foregone economic impacts. Figure 9 compares the projected foregone visitor spending without new hotel construction with the projected foregone spending with new hotel construction. As a result of new hotel construction, the cumulative foregone spending in Metro Vancouver from 2022 to 2050 is projected to decrease from \$20.8 billion to \$4.1 billion.

**Figure 9: Foregone Spending in Metro Vancouver without New Hotel Construction and with New Hotel Construction from 2022 to 2050<sup>10</sup>**



<sup>10</sup> Projections are presented in 2022 dollars.

As shown in Table 3, the addition of new hotel rooms in Metro Vancouver is projected to reduce the cumulative foregone visitor spending from 2022 to 2050 by approximately \$16.7 billion. This is equivalent to approximately 80 percent of spending forgone without any new hotel construction. The new hotel construction translates into an increase in direct, indirect, and induced economic impacts as follows:

- \$24.7 billion in total output.
- \$13.4 billion in total GDP.
- 135,980 FTEs or person years of total employment.
- \$6.1 billion in total tax revenue for all three levels of government.

**Table 3: Cumulative Foregone Economic Impacts from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050 without New Hotel Construction and with New Hotel Construction.** <sup>11</sup>

	Foregone Expenditure (million)	Foregone Output (million)	Foregone GDP (million)	Foregone Employment (FTEs) <sup>12</sup>	Foregone Total Tax Revenue <sup>13</sup> (million)
<b>Without New Hotel Construction</b>	\$20,807	\$30,601	\$16,610	168,570	\$7,500
<b>With New Hotel Construction</b>	\$4,060	\$5,944	\$3,245	32,590	\$1,384
<b>Reduction in Foregone Spending as a Result of New Hotel Construction and Associated Economic Impacts</b>	<b>\$16,747</b>	<b>\$24,657</b>	<b>\$13,365</b>	<b>135,980</b>	<b>\$6,116</b>

<sup>11</sup> Projections are presented in 2022 dollars.

<sup>12</sup> Please note that one full-time equivalent (FTE) is equivalent to one person-year of employment. Consequently, one person working full-time for 30 years would be counted as 30 FTEs.

<sup>13</sup> Includes Federal, Provincial, and Municipal Government tax revenue.

#### 4.4 SENSITIVITY ANALYSIS

Figure 11 10 shows the projected cumulative foregone room nights from 2022 to 2050 in Metro Vancouver for the addition of different numbers of hotel rooms in 2026. With no new hotel rooms added, the cumulative number of foregone room nights from 2022 to 2050 in Metro Vancouver is projected to be approximately 40 million room nights. For every 200 hotel rooms added in 2026, the projected cumulative foregone rooms would decrease by approximately 4 percent.

**Figure 10: Projected Cumulative Forgone Room Nights from 2022 to 2050 in Metro Vancouver for Different Numbers of Hotel Rooms Added in 2026**

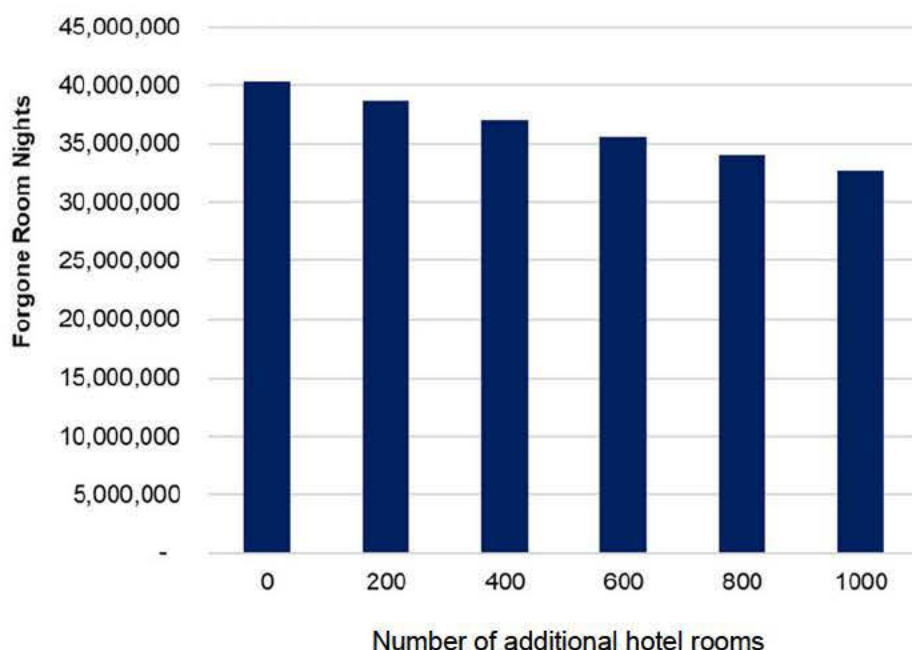




Table 4 shows the projected cumulative foregone visitor spending and projected cumulative foregone economic impacts from foregone visitor spending in Metro Vancouver from 2022 to 2050 for the addition of different numbers of hotel rooms added in 2026.

**Table 4: Cumulative Foregone Economic impacts from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050 for Different Numbers of Hotel Rooms Added in 2026.**

Rooms Added in 2026	Foregone Expenditure (million)	Foregone Output (million)	Foregone GDP (million)	Foregone Employment (FTEs) <sup>14</sup>	Foregone Total Tax Revenue <sup>15</sup> (million)
0	\$20,807	\$30,601	\$16,610	168,570	\$7,500
200	\$19,928	\$29,311	\$15,909	161,469	\$7,196
400	\$19,107	\$28,103	\$15,254	154,822	\$6,901
600	\$18,327	\$26,956	\$14,631	148,509	\$6,621
800	\$17,582	\$25,861	\$14,036	142,476	\$6,353
1,000	\$16,866	\$24,807	\$13,465	136,674	\$6,095

The addition of 1,000 hotel rooms in Downtown Vancouver in 2026 is projected to reduce the cumulative foregone visitor spending by \$3.9 billion. The associated foregone economic impacts are projected to be:

- \$5.8 billion in output.
- \$3.1 billion in GDP.
- 32,000 FTEs of employment.
- \$1.4 billion in tax revenue for all three levels of government.

<sup>14</sup> Please note that one full-time equivalent (FTE) is equivalent to one person-year of employment. Consequently, one person working full-time for 30 years would be counted as 30 FTEs.

<sup>15</sup> Includes Federal, Provincial, and Municipal Government tax revenue.

#### 4.5 NO FOREGONE ROOM NIGHTS

In this scenario, the supply will meet the demand, and there will be no foregone visitor spending. To achieve this, it is assumed that 100% occupancy across Metro Vancouver is achieved during August, the busiest month of the year. The results of this Scenario are shown in Table 5.

It is important to note that this scenario depends on two assumptions:

- There is no consumer preference between different parts of Metro Vancouver. That is to say, visitors who might have preferred to stay in the City of Vancouver will chose to stay in other parts of Metro Vancouver rather than not visit the region at all.
- The hotels will operate at 100% capacity during August, which is above the level generally considered to be “functionally at capacity” (92% occupancy).

**Table 5: Number of hotel rooms required to avoid foregone spending**

	City of Vancouver			Rest of Metro Vancouver	
	Additional rooms		Total rooms	Additional rooms	Total rooms
	Downtown Vancouver	Other Vancouver			
2022			13,290		10,002
2025	195	195	13,680	390	10,392
2030	793	793	15,265	1,585	11,977
2035	905	905	17,075	1,810	13,787
2040	1,035	1,035	19,140	2,065	15,852
2045	1,180	1,180	21,500	2,360	18,212
2050	1,350	1,350	24,195	2,695	20,907
<b>TOTAL NEW ROOMS</b>	<b>5,458</b>	<b>5,458</b>		<b>10,905</b>	

\* It is assumed that additional hotel rooms are added equally between the City of Vancouver and the Rest of Metro Vancouver, and that within City of Vancouver they are equally divided between Downtown and Other Vancouver.

## 5 ENVIRONMENTAL AND WORKFORCE ASSESSMENT

### 5.1 ESTIMATES OF ENVIRONMENTAL IMPACTS

This section contains estimates of the environmental impacts of Metro Vancouver's hotel rooms, using per occupied hotel room benchmarks. In addition to a 2019 baseline, projections for 2030 and 2050, relying on the new hotel construction estimates in Section 4, are included.

#### 5.1.1 CHSB index values

The Cornell Hotel Sustainability Benchmarking (CHSB)<sup>16</sup> provides a 2019 baseline for the carbon, energy, and water use for hotels. Included in the index are data for hotels in the Vancouver Census Metropolitan Area (CMA), which is approximately the same geographic area as Metro Vancouver.

For the purpose of this analysis, the measures per occupied room per calendar year were chosen. Measures per square meter and benchmarks with other geographic regions are included in the Appendix.

Table 6 below shows the average (mean) values reported in the CHSB for hotel rooms in the Vancouver CMA. These figures are then used to estimate the total emissions and resource usage for hotels in the Metro Vancouver for 2019 which are reported in Table 7.

**Table 6: Carbon, Energy, and Water Use, Vancouver CMA hotels, per occupied room, 2019**

Measure	Unit	Mean (average)
Hotel carbon footprint per occupied room (#3)	Kilogram of carbon dioxide equivalent (kgCO <sub>2</sub> e)	8.2
Hotel energy usage per occupied room (#5)	Kilowatt hours (kWh)	73.5
Hotel water usage per occupied room (#8)	Litres (L)	575.1

<sup>16</sup> Eric Ricaurte and Rehmaashini Jagarajan (2021), *Hotel Sustainability Benchmarking Index 2021: Carbon, Energy, and Water*, Cornell Center for Hospitality Research <https://ecommons.cornell.edu/handle/1813/109990>



**Table 7: Carbon, Energy, and Water Use, Total Vancouver CMA hotels, 2019**

Measure	City of Vancouver		Metro Vancouver	
	Room Nights	Total Use*	Room nights	Total Use*
Hotel carbon footprint per occupied room (#3)	3,689,258	30,251,917 kgCO <sub>2</sub> e	6,953,888	57,021,882 kgCO <sub>2</sub> e
Hotel energy usage per occupied room (#5)	3,689,258	271,160,477 kWh	6,953,888	511,110,768 kWh
Hotel water usage per occupied room (#8)	3,689,258	2,121,692,389 L	6,953,888	3,999,180,991 L

\* Estimates are based on averages reported in Table 6.

Analysis of hotel construction trends in Metro Vancouver provides an estimate of 2.0% annual replacement of existing room stock. That is, in any given year, 2% of the rooms in the region are permanently closed, and replaced by a new facility. (This is separate from net new construction that adds capacity to the stock of hotel rooms in the region.)

Given that all new hotel construction in the City of Vancouver will have net zero carbon emissions by 2030, these new facilities will not add to the region's emissions. Some of this new construction will add to the stock of rooms, and it is assumed that 2% will replace existing hotel facilities.

As shown in Table 8 carbon emissions (kgCO<sub>2</sub>e) in 2030 from hotel use will be 34.79 million kg in City of Vancouver and 65.57 million kg in all of Metro Vancouver. As the existing hotel room stock is replaced emissions will fall and by 2050 carbon emissions will be 20.74 million kg in The City of Vancouver and 40.43 million kg in all of Metro Vancouver in 2050. It is important to note that the estimates presented here assume no retrofits to existing hotel room stock that improve efficiencies. Such retrofits could result in additional emission reductions.

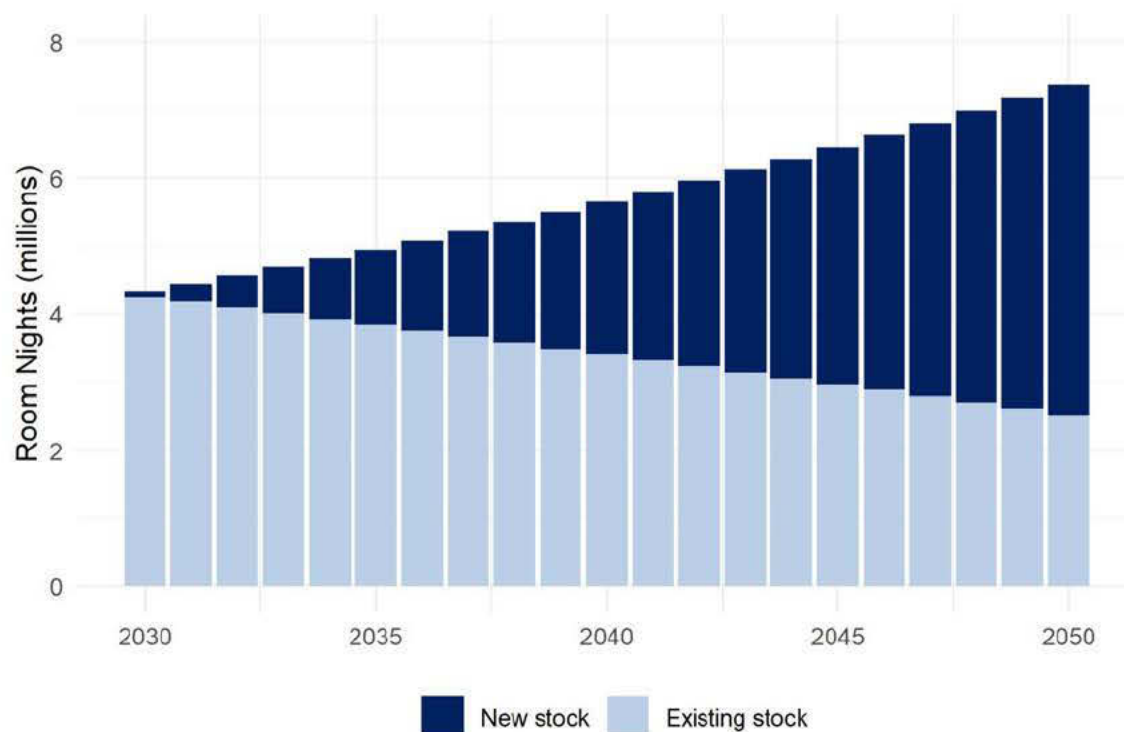
**Table 8: Carbon Emissions, Existing Vancouver CMA hotels<sup>1</sup>, 2030 & 2050**

	City of Vancouver		Metro Vancouver	
Year	Room nights accommodated by 2022 hotel stock	Total Use*	Room nights accommodated by 2022 hotel stock	Total Use*
2030	4,328,742	34,785,772 kgCO <sub>2</sub> e	7,996,067	65,567,750 kgCO <sub>2</sub> e
2050	2,529,180	20,739,275 kgCO <sub>2</sub> e	4,930,916	40,433,514 kgCO <sub>2</sub> e

<sup>1</sup> Assumes no improvement in environmental impact (average units per occupied room) until 2030.

\* Estimates are based on average of 8.2 kgCO<sub>2</sub>e per occupied room.

**Figure 11: Projected Room Nights, City of Vancouver, 2030–2050, by Age of Hotel Stock**



Efficiencies for water use and energy use were assumed to be unchanged between 2030 and 2050. Consequently, water and energy use would increase by up to 19 percent by 2030 and approximately double from 2019 levels by 2050. Improvements in efficiencies could result in reductions in usage.

### 5.1.2 Solid Waste

The following table uses per visitor and per room estimates from data collected by Metro Vancouver in 2014/15, with extrapolations of total waste based on 2019 room nights. It must be recognized that Metro Vancouver and the region's hotels have engaged in significant waste reduction initiatives since 2014/15, and the volumes estimated here may be substantially overstated.

**Table 9: Waste Categorization for Accommodation, Vancouver CMA Hotels, with estimates for 2019\***

Category	Percentage of waste stream, by weight	Kg per visitor	Kg per room	Total waste (tonnes)
Paper	25.1	0.1004	0.066933	465.4
Plastics	13.8	0.0552	0.0368	255.9
Compostable Organics	45.2	0.1808	0.120533	838.17
Non-Compostable Organics	0.5	0.002	0.001333	9.27
Metals	2.6	0.0104	0.006933	48.21
Glass	6.6	0.0264	0.0176	122.38
Building Material	1.1	0.0044	0.002933	20.39
Electronic Waste	0.6	0.0024	0.0016	11.12
Household Hazardous	1.8	0.0072	0.0048	33.37
Household Hygiene	2.2	0.0088	0.005867	40.79
Bulky Objects	0	0	0	0
Fines	0.4	0.0016	0.001067	7.41

\* 2019 estimate does not take into account any reductions that have been achieved due to strategies that may have been implemented since the source data were collected in 2014/15



## 5.2 WORKFORCE ASSESSMENT

The following profile of the accommodation industry is drawn from the go2HR report “Workforce Profile Accommodation” (2022)<sup>17</sup>, unless otherwise specified.

The accommodation industry in B.C. employed just under 30,000 people during 2021, of whom just over half (nearly 17,000 people) were in the Lower Mainland tourism region. The accommodation sector is disproportionately made up of women; in 2021, women were 58% of the workforce.

Approximately 26 percent of the workforce was estimated to be between 25 to 34 years of age, 20 percent is between 35 and 44 years old and approximately 23 percent are between 55 and 64 years old,

**Table 10: Accommodation Sector Workforce Age Groups, Lower Mainland.**

Age Group	Percentage Distribution
15 to 24 years	7%
25 to 34 years	26%
35 to 44 years	20%
45 to 54 years	18%
55 to 64 years	23%
65 years or above	6%

<sup>17</sup> Go2HR, “The Tourism & Hospitality Workforce Profile of the Accommodation Sector”, 2022-01-31. Most of the data cited in the report is drawn from Statistics Canada’s Labour Force Survey. Direct link to PDF report: <https://www.go2hr.ca/wp-content/uploads/2022/04/FINAL-WORKFORCE-PROFILE-ACCOMODATION.pdf>

### 5.2.1 Occupations

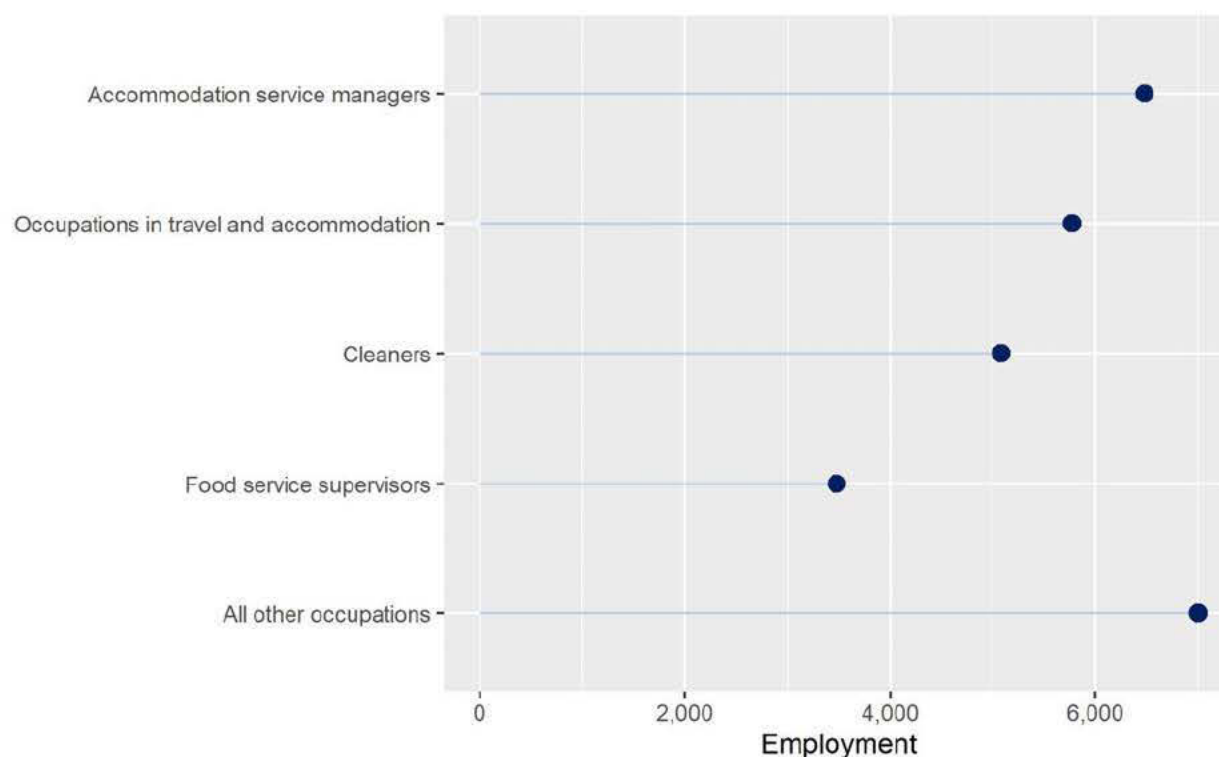
Occupations in the accommodation industry are dominated by four categories, which together accounted for three-quarters (74.9%) of all the people working in the industry during 2021.

Accommodation service managers (NOC 063)

- Occupations in travel & accommodation (NOC 652)
- Cleaners (NOC 673)
- Food service supervisors (NOC 631)

The majority of occupations in the accommodation sector are semi-skilled or unskilled positions. Skilled occupations include Accommodation and Service Managers (23% of the workforce); Food Service Supervisors (12.5% of the workforce); Chefs and cooks (5.5% of the workforce); Human Resources (4.6% of the workforce) and Maintenance (2.1% of the workforce). It is worth noting that the 2021 proportions may have been distorted by the impact of the COVID-19 pandemic and may over-estimate the proportion of higher skill positions. In 2020, the number of workers paid by the hour fell by 37%, while the number who were salaried fell by 18%. Accommodation service managers and other skilled positions are likely in the “salaried” group.

**Figure 12: Employment by occupation, accommodation industry in B.C., 2021**



Source: go2HR, Labour Force Survey (Statistics Canada)

### *Compensation<sup>18</sup>*

One-quarter (25%) of people who worked in the accommodation and food services industries<sup>19</sup> in Vancouver Census Metropolitan Area (CMA) during 2015 were in low-income status, based on the Market Basket Measure (MBM)<sup>20</sup>. The household threshold for Vancouver CMA in 2015 for a family of four persons was \$39,951.<sup>21</sup>

This compares to 17% of the population in the region, and 15% for BC as a whole.

### 5.2.2 Representation of equity-seeking groups

Table 11 summarizes the representation of equity-seeking groups in the accommodation industry in the Lower Mainland.

#### *5.2.2.1 Indigenous identity*

The proportion of workers in the accommodation industry in the Lower Mainland who indicated they have indigenous identity was 3%. This was two percentage points lower than the provincial rate.<sup>22</sup>

#### *5.2.2.2 Visible minority and immigration status*

Over half (54%) of the accommodation industry workers in the Lower Mainland tourism region are of visible minority status. A similar proportion are immigrants to Canada, and another 5% are non-permanent residents.

#### *5.2.2.3 Language*

Just under half (46%) of workers in the industry in the Lower Mainland indicated that their mother tongue (the language they first learned) is English. The largest proportion of the remainder have a non-official language as their mother tongue (49% of the total).

<sup>18</sup> Data from Statistics Canada's Census 2016 Census PUMF. The income reference year for the 2016 Census is the calendar year 2015.

<sup>19</sup> In order to protect the confidentiality of Census respondents, the data is released at the NAICS two-digit industry "72 Accommodation & food services"

<sup>20</sup> Statistics Canada, Market Basket Measure, Dictionary, Census of Population, 2016 <https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/pop165-eng.cfm>

<sup>21</sup> Statistics Canada, Market Basket Measure (MBM) thresholds for economic families and persons not in economic families, 2015 [https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/tab/t4\\_5-eng.cfm](https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/tab/t4_5-eng.cfm)

<sup>22</sup> Go2HR, "The Tourism & Hospitality Workforce Profile of the Accommodation Sector", 2022-01-31. Data from Statistics Canada's Census of Population, 2016.



**Table 11: Ethnicity, Immigration, and Mother Tongue in the Accommodation Sector Workforce. 2016**

Selected Characteristics	Lower Mainland	
	Total Count	Percentage Distribution
<b>Labour Force</b>	<b>17,025</b>	<b>100%</b>
<b>Indigenous Status</b>		
Indigenous	440	3%
Non-Indigenous	16,585	97%
<b>Visible Minority Status</b>		
Visible Minority	9,195	54%
Not a Visible Minority	7,830	46%
<b>Immigration Status</b>		
Non-immigrant	7,090	42%
Immigrant	9,100	54%
Non-permanent residents	835	5%
<b>Mother Tongue</b>		
English	7,750	46%
French	240	1%
Non-official language	8,370	49%
Other	665	4%

## 6 APPENDIX

### 6.1 SENSITIVITY ANALYSIS

The table below summarizes the economic impacts associated with each 200 hotel rooms in Metro Vancouver (at the current proportion of rooms in Vancouver and the Rest of Metro Vancouver), at 100% occupancy.

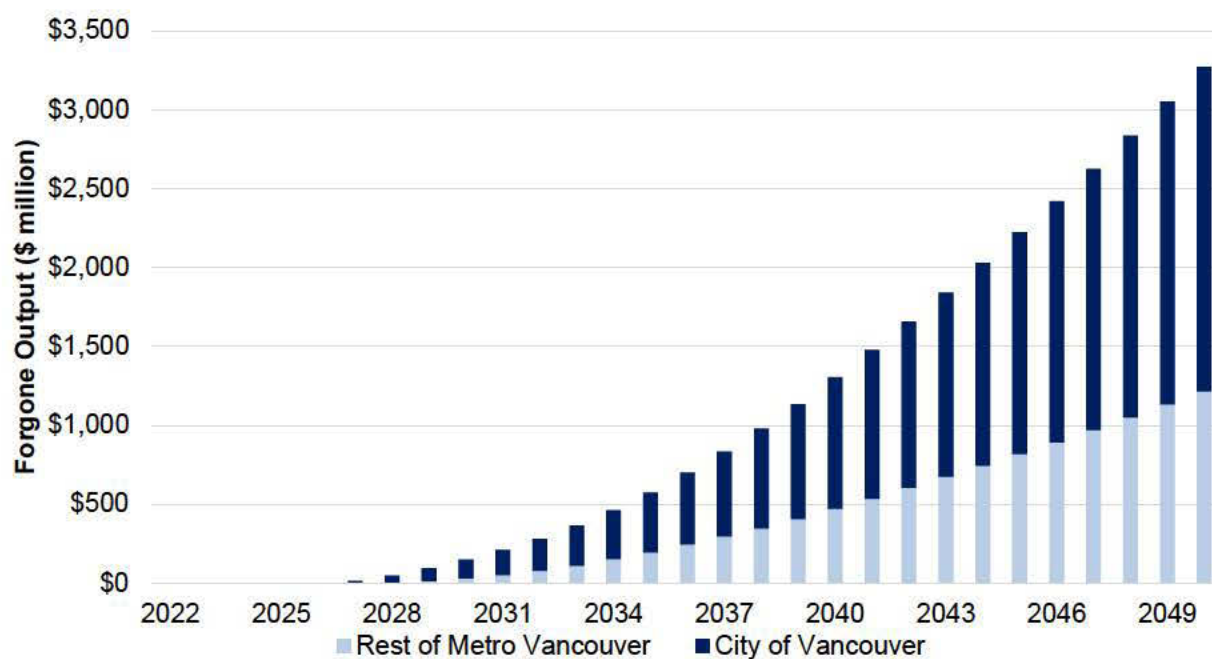
Measure	Annual Impact (per 200 rooms)
Visitor spending	\$38 million
Output	\$55.8 million
GDP	\$30.3 million
Taxes	\$13.6 million
Employment (FTEs)	310

## 6.2 CHARTS

### 6.2.1 Foregone Economic Impacts

The figures below summarize the projected foregone economic impacts from foregone visitor spending in Metro Vancouver from 2022 to 2050.

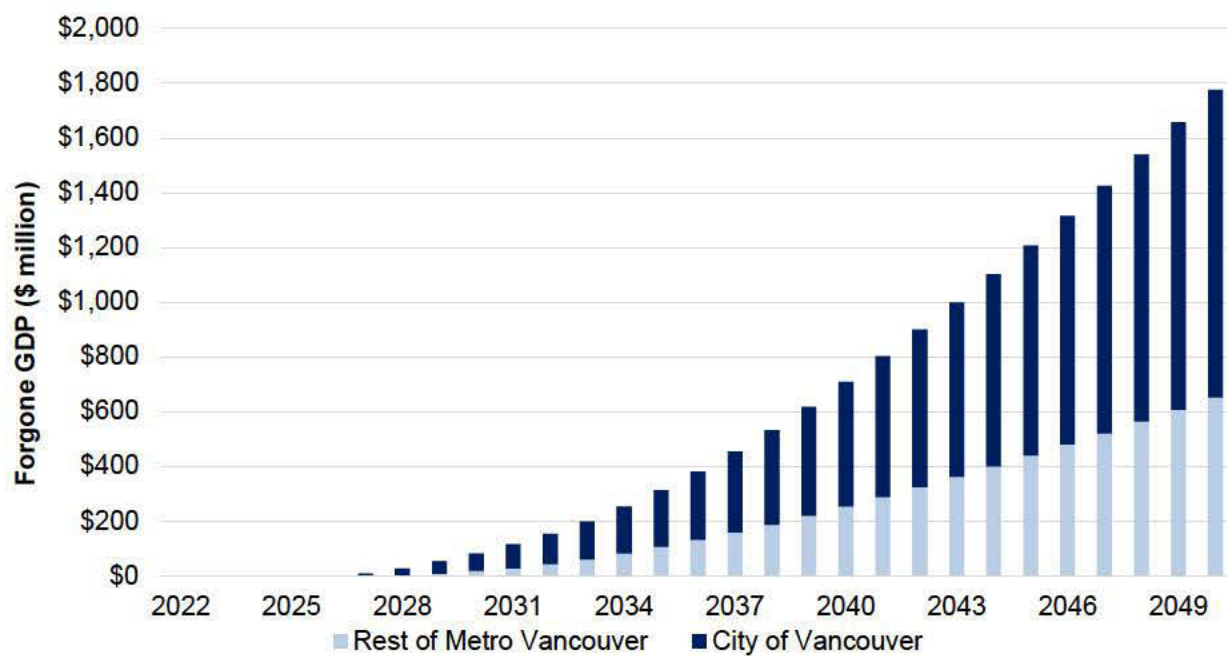
**Figure 13: Foregone Output from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050<sup>23</sup>**



<sup>23</sup> Projections are presented in 2022 dollars.

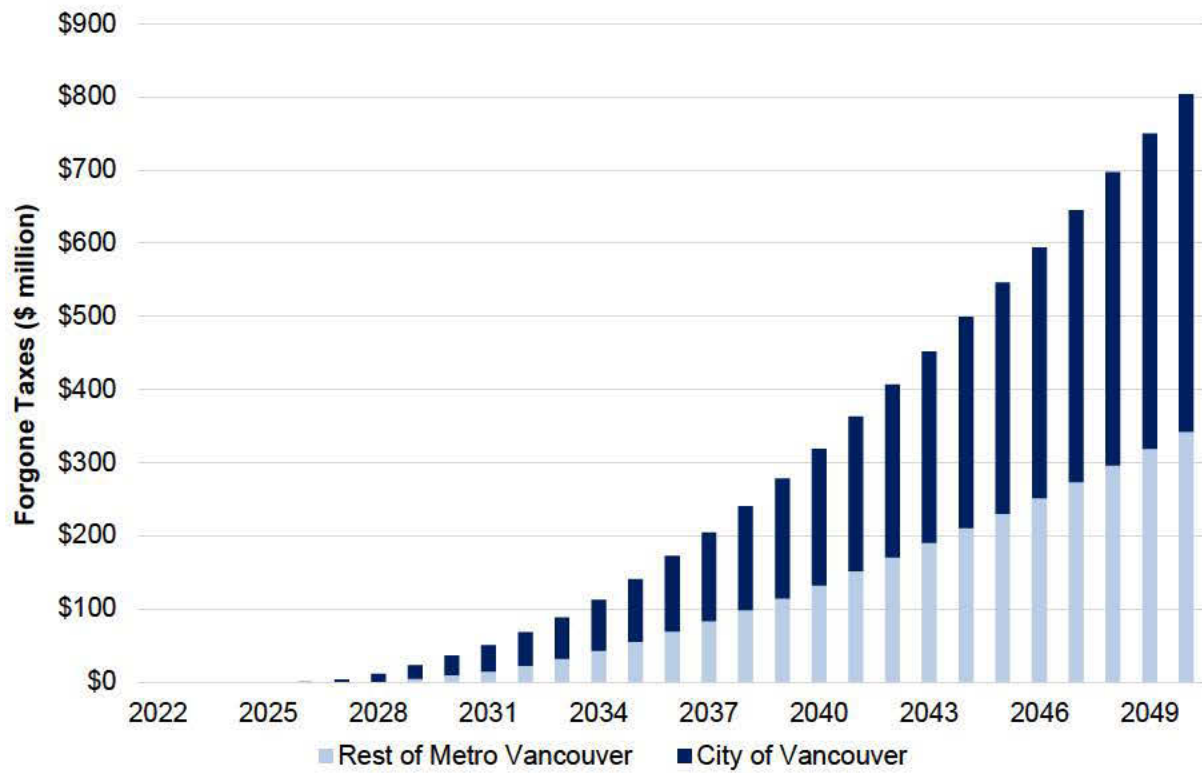


Figure 14: Foregone GDP from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050<sup>24</sup>



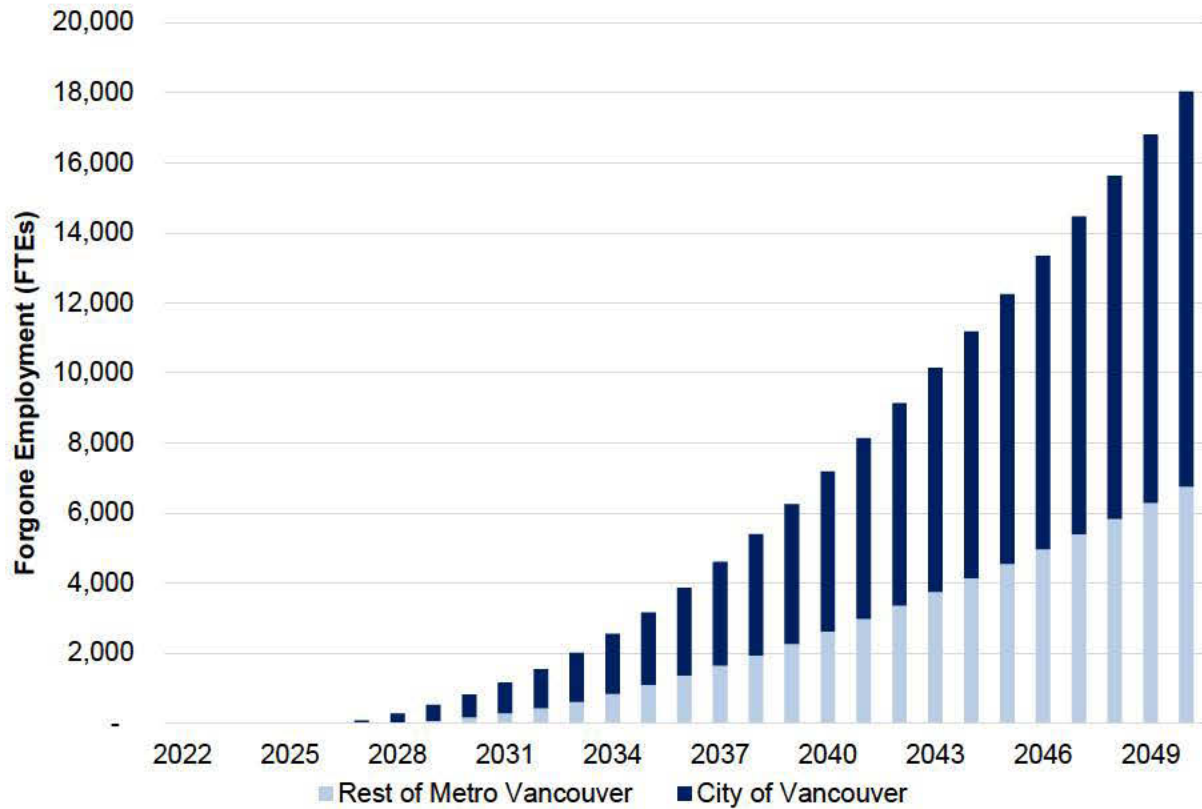
<sup>24</sup> Projections are presented in 2022 dollars.

Figure 15: Foregone Taxes from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050<sup>25</sup>



<sup>25</sup> Projections are presented in 2022 dollars.

**Figure 16: Foregone Employment from Foregone Visitor Spending in Metro Vancouver from 2022 to 2050<sup>26,27</sup>**



<sup>26</sup> Projections are presented in 2022 dollars.

<sup>27</sup> One full-time equivalent (FTE) is equivalent to one person-year of employment. Consequently, one person working full-time for 30 years would be counted as 30 FTEs



## 6.3 DATA TABLES

### 6.3.1 Visitor Spending

The estimates of visitor spending were developed using Statistics Canada's 2019 National Travel Survey (NTS) Public Use Microdata Files. MNP accessed spending information for overnight visitors to Vancouver CMA region staying in hotels and estimated spending per person per night by expenditure category (Table 12). Please note that the NTS reports on data for domestic visitors only. Since data on international visitors staying in hotels was not available, it was assumed that international visitors staying in hotels would spend in the same way as domestic visitors.

**Table 12: Spending Per Person Per Night - Statistics Canada's 2019 National Travel Survey**

Average Spending Per Person Per Night (2019)	Spending	Share
Accommodation	\$171	51%
Food and Beverage	\$76	23%
Transportation	\$39	11%
Retail	\$28	8%
Recreation	\$24	7%
Total	\$338	100%

Spending per person per night in 2022 dollars was estimated using Statistics Canada's Consumer Price index. Spending per room night was then estimated using average party size of 1.4 persons per room. The average number of people per room was estimated based on information on party size from the NTS data as well as comparison of average spending on accommodation per person with Average Daily Hotel rate in Metro Vancouver.

Table 13 shows the estimated spending per room night by region and accommodation type in 2022 dollars. Spending by region and accommodation type was estimated based on data on Average Room Rates provided by Destination Vancouver and AirDNA data on hotel comparable average daily rates.

**Table 13: Estimated Spending Per Room Night by Region and Accommodation Type, 2022**

Average Spending Per Person Per Night	Hotel - Vancouver	Hotel – Rest of Metro Vancouver	Short-Term Rentals – Metro Vancouver
Accommodation	\$286	\$202	\$173
Food and Beverage	\$116	\$116	\$116
Transportation	\$49	\$49	\$49
Retail	\$42	\$42	\$42
Recreation	\$37	\$37	\$37
Total	\$530	\$446	\$417

### 6.3.2 CHSB index values

The Cornell Hotel Sustainability Benchmarking (CHSB)<sup>28</sup> provides a 2019 baseline for the carbon, energy, and water use for hotels. Included in the index are data for hotels in the Vancouver Census Metropolitan Area (CMA), which is approximately the same geographic area as Metro Vancouver.

For the purpose of this analysis, the measures per occupied room per calendar year were chosen.

Table 14 below shows the average (mean) values:

**Table 14: Carbon, Energy, and Water Use, Vancouver CMA hotels, per occupied room, 2019**

Measure →	Hotel carbon footprint		Hotel energy usage		Hotel water usage	
	per occupied room (#3)	per sq meter (#4)	per occupied room (#5)	per square meter (#6)	per occupied room (#8)	per square meter (#9)
Unit →	Kilogram of carbon dioxide equivalent t (kgCO2e)		Kilowatt hours (kWh)		Litres (L)	
Region ↓						
Vancouver	8.2	37.0	73.5	330.6	575.1	2,802.3
Rest of B.C.	7.5	33.0	74.4	326.9	518.8	2,458.7
Canada	17.1	65.3	91.2	363.9	520.4	2,153.3
Calgary	41.6	152.4	107.9	398.2	501.8	1,912.0
Seattle	12.9	57.5	51.4	233.4	405.9	1,856.1

<sup>28</sup> Eric Ricaurte and Rehmaashini Jagarajan (2021), *Hotel Sustainability Benchmarking Index 2021: Carbon, Energy, and Water*, Cornell Center for Hospitality Research <https://ecommons.cornell.edu/handle/1813/109990>



### 6.3.3 Occupations in the Accommodation Industry

**Table 15: Occupations in the Accommodation industry, British Columbia, 2021**

NOC	Occupation Title	Certification/Training Requirement	Employment*	Percentage of Accommodation Industry
63	Accommodation service managers	A university degree or college diploma in hotel management or other related discipline or equivalent job experience	6,479	23.3
652	Occupations in travel and accommodation	Related post-secondary diploma, On the job training	5,771	20.8
673	Cleaners	On the job training	5,083	18.3
631	Food service supervisors	Post-secondary training in restaurant management or food service admin, or; Equivalent job experience	3,479	12.5
632	Chefs and cooks	Cook's apprenticeship program and training; Chef's Red Seal Certification	1,542	5.5
112	Human resources professionals	Related post-secondary degree or diploma	1,271	4.6
671	Food counter attendants	On the job training	1,125	4.0
651	Occupations in food and beverage service	On the job training; Responsible beverage service certification	1,125	4.0
525	Athletes, coaches, referees and related occupations	Extensive sport related training; Coaching and refereeing certificates	750	2.7
641	Sales and account representatives - wholesale trade (non-technical)	Related post-secondary degree or diploma; Experience in sales or related occupation	604	2.2
213	Civil, mechanical, electrical and chemical engineers	A bachelor's degree or above in mechanical engineering or in a related engineering discipline	583	2.1
642	Retail salespersons	On the job training	_*	
654	Security guards and related security service occupations	Related post-secondary degree or diploma usually required; On the job training and job specific certifications; Firearms license and training for security guards who carrying a firearm	_*	
143	Financial, insurance and related administrative support workers	Completion of related post-secondary degree or diploma and required industry certifications may be required; Relevant work experience such as using a payroll systems or software may be required	_*	
621	Retail sales supervisors	Previous retail sales experience as a retail salesperson or salesclerk, cashier, telemarketer, door-to-door salesperson or rental agent may be required	_*	
653	Tourism and amusement services occupations	Related post-secondary degree or diploma may be required	_*	

Notes:

\* Employment count is suppressed due to high probability of large sampling error

\*\* Annual average

Source: go2HR, Labour Force Survey (Statistics Canada)





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## **APPENDIX B:**

### City of Vancouver Hotel Development Policy Analysis Report (2023)

Summary of Key Findings

# City of Vancouver

## Hotel Development Policy Analysis Report

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### SUMMARY OF KEY FINDINGS

In analyzing Vancouver's hotel supply, industry trends, hotel demand projections, and the number of hotel rooms that are under development or planning review, the following are key findings regarding the local hotel market. These have been adapted by City staff from a recent draft report submitted to the City of Vancouver by consultants (HVS and Urban Systems).

### THE HOTEL INDUSTRY IS EVOLVING AND ADAPTING TO DEMAND

- While the hotel industry was impacted by the COVID-19 pandemic, the market is recovering in Vancouver. It is projected that occupancy rates and RevPAR (Revenue Per Available Room)<sup>1</sup> will return to pre-pandemic levels by 2025 and 2023, respectively.
- In early 2022, Destination Vancouver forecasted that the average hotel room rate for Downtown Vancouver would be higher than in 2019, growing from \$266 per night in 2019, to \$280 per night in 2022.
- There are some hotel trends that may shake up the market in Vancouver, including but not limited to:
  - Automated service is emerging in lower service hotels (e.g., Sonder Hotels), resulting in a low staff-to-room ratio.
  - However, luxury and high service hotels will still need high numbers of employees to maintain high service delivery and to meet customer expectations.
  - Micro suite hotels are becoming more popular in urban core locations. These hotels offer small, affordable, units at 200 ft<sup>2</sup> or less with high-quality furnishings and common social areas.
  - Extended Stay hotels provide long term accommodation with in-suite amenities such as laundry and kitchen. These have higher margins from a lower cleaning requirement as the guests stay longer, and there is less need to turnover rooms.
  - Labour availability is a challenge as the hotel industry needs to hire, train and retain staff in order to operate in the same way as pre-pandemic where many employees in industry were furloughed.
- There is a consolidated hotel market in Canada and in Vancouver. There is a lack of independent hotel operators and as a result the market is dependent on major brands, meaning any new hotel concept will most likely need to be led by a major brand.
- Downtown Vancouver had a similar occupancy rate as other geographies within the Metro Vancouver region in 2019. However, hotel operators are able to garner a higher average rate than in Burnaby-New Westminster and in Richmond.

<sup>1</sup> RevPAR is a key metric for judging a hotel property's performance. RevPAR evaluates the total revenue of an establishment compared to its total available rooms.

## HOTEL DEVELOPERS FACE A NUMBER OF CHALLENGES

- The development of new hotels in Vancouver faces a number of challenges, including high construction costs; high land costs; limited site availability and the complexity of development.
- Hotel developments must compete with other profitable land uses, such as residential development, that generate higher profits and/or greater certainty of financial return.
- Large amounts of upfront capital are needed to cover land purchases and development costs. Complex joint ventures with a variety of investors are often needed to raise the required capital to get the project off the ground.
- Hotel operators need to factor in the cost of minor repairs and renovation or major repairs from time to time as part of their operational costs.
- Technological amenity expectations are changing, and establishments that offer increased levels of service and amenities have higher staff numbers with functions not related to guest rooms and increased overhead cost items (e.g., administration, I.T. infrastructure and marketing).
- The operating costs of hotels change depending on the hotel type or the level of service offered by that hotel. **Figure 1** illustrates how the level of service changes with each hotel type, and provides examples for each in Vancouver.

**Figure 1:** Overview of Hotel Types

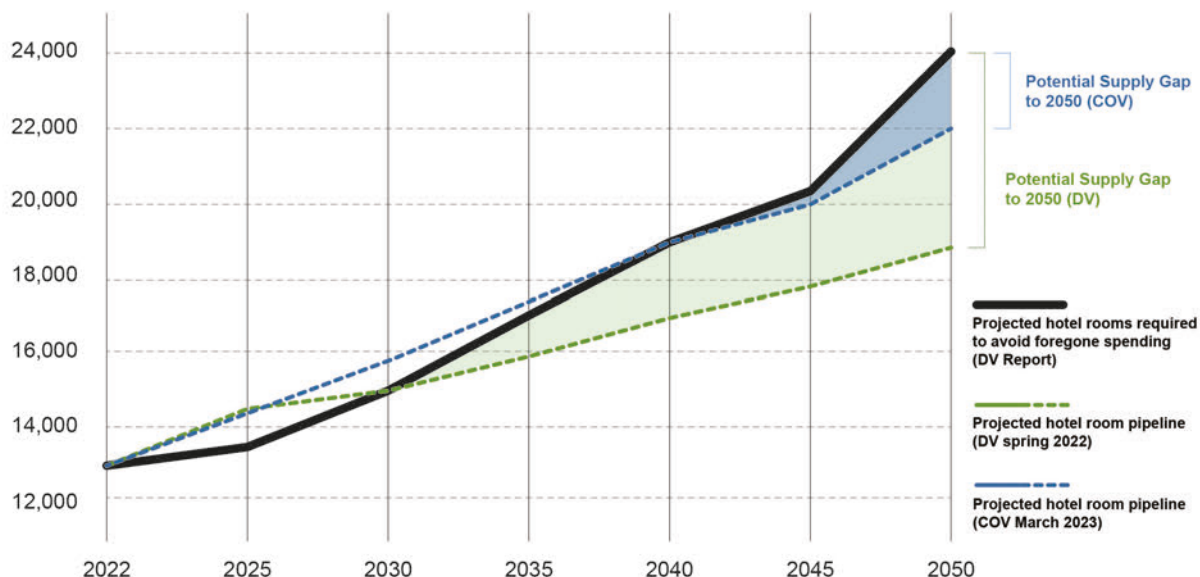
TYPE	BROAD AMENITY DESCRIPTION	VANCOUVER EXAMPLES
● Full-service	Food and beverage and meeting space	Fairmont Pacific Rim, Paradox Vancouver Hotel, Century Plaza Hotel
● Limited service	No food and beverage service	Cambie Hotel, Sand Motor Hotel, Barclay Hotel
● Select-Service	Some food and beverage and meeting space, but only a limited amount	Chateau Granville, Holiday Inn (Howe Street), Blue Horizon Hotel
● Extended-Stay	Typically has limited food and beverage, guestrooms with full kitchens to accommodate 5+ day stays	Residence Inn by Marriott, English Bay Apartment Hotel, Sunset Inn & Suites
● Boutique/Lifestyle	Typically is a full-service hotel with an elevated design style	The Douglas Hotel, Opus Lounge, Wedgewood Hotel, Sylvia Hotel
● Time-Share	Variable - an ownership model of vacation property whereby multiple owners have exclusive use of a property for a period of time	WorldMark Vancouver, Embarc Vancouver, Rosedale on Robson



## HOTEL SUPPLY IN VANCOUVER

- Since 2002 Vancouver's hotel supply has been steadily decreasing due to hotel closures, conversion to residential uses, rising costs of the industry. These challenges were only exacerbated by the COVID-19 pandemic.
- Destination Vancouver projects that hotel demand for the region will reach pre-pandemic levels by 2025 and continue increasing to 2050.
- Destination Vancouver estimates that 1,976 hotel rooms are needed by 2030 in the City of Vancouver to maximize profits from visitors who otherwise, may choose not to stay in Vancouver due to hotel availability and price issues. Further, an additional 8,940 hotel rooms are needed in the City by 2050, representing half of the total rooms required in all of Metro Vancouver.
- As of March 2023, approximately 2,500 hotel rooms are currently being proposed and, if approved, could be built in the coming years.<sup>2</sup> This exceeds the 2030 demand estimate noted in the DV study by about 500 rooms, which used information available in the Spring of 2022.
- For illustrative purposes, City staff have created an alternative development scenario to 2050 based on the assumption that the volume of rooms in current applications would continue to be developed. The chart in **Figure 2** demonstrates how this alternative hotel room development scenario compares to the data presented by DV.
- The chart shows how, even if the volume of rooms currently being proposed continues into the future, the City could still face a shortfall in room supply over the long term. While the DV scenario estimates a supply gap of approximately 5,400 rooms, the alternative scenario estimates a gap of approximately 2,100 rooms.

**Figure 2:** Extrapolation of Current Trends vs DV Study Projections



<sup>2</sup> In addition to current applications, staff are reviewing multiple rezoning and development permit enquiries that could potentially add a significant number of additional rooms to Vancouver's hotel landscape.

## LAND USE POLICY SHOULD SUPPORT GROWTH IN KEY PLANNING AREAS

- Certain areas of the city each have unique characteristics and amenity proximity, making them better suited to different hotel types. Based on this, 7 key accommodation areas have been identified:
  - Broadway Corridor – Uptown
  - Broadway Corridor – Uptown Shoulder Areas
  - Downtown Vancouver – Central Business District
  - Downtown Vancouver – Outside Central Business District
  - Downtown Vancouver – West End Commercial Streets
  - Vancouver Eastside – C-2 Zones
  - Vancouver Westside – C-2 Zones
- **Figure 3** illustrates the current and proposed hotel supply in the City of Vancouver. Currently, there are 75 of hotels in Vancouver, of which 60 are within seven core accommodation areas.
- Downtown Vancouver provides 97% of all hotel accommodations in the core accommodation areas and 78% of all hotels in the City. It also holds the highest concentration of short-term rentals (622) across Vancouver.
  - The West End has nine hotels, six bed and breakfast establishments and 65 short-term rentals.
  - Compared Downtown Vancouver, accommodation options in the Westside are limited, with no accommodations in the C-2 zones currently. There are six bed and breakfast establishments and 242 short-term rentals concentrated in the Kitsilano neighbourhood while two of the three hotel buildings are concentrated in the Marpole neighbourhood (close to Vancouver International Airport).
  - Accommodation options in the Eastside are primarily made up of short-term rentals with just one hotel building in the C-2 zones currently.
- In terms of selection of hotel types, the most common hotel types in the core accommodation areas are Full-Service (30%) followed by Boutique/Lifestyle (20%).
  - Downtown Vancouver offers hotel options across the spectrum of services (Full-Service, Limited Service, Select-Service, Boutique/Lifestyle, Extended Stay, and Time-Share).
  - Outside of Downtown Vancouver, the selection of hotel types in the core accommodation areas are limited to Full-Service and Limited-Service.





- There are 15 hotel development applications under planning review in Vancouver as of March 2023, as shown in **Figure 4**.
- Eight of these projects, totaling approximately 1,748 rooms are planned to be located in Downtown Vancouver.
- Two of these projects, totaling approximately 186 hotel rooms, will be built in the Broadway Plan Area, helping to achieve that Plan's target for an additional 1200 rooms over the next 30 years. More hotel projects in this area will need to be encouraged and moved through the development pipeline to reach the plan's targets and complement the intensification of employment spaces.
- Lower priced hotels outside of the downtown core are important and good transit creates access and makes this possible.
- The diversity of hotel supply is important to the resilience of the sector (type, location, price) and it is important that the City's land use policies supports the creation of a diverse hotel supply.

**Figure 4:** City of Vancouver Hotel Pipeline March 2023

	Street #	Street Name	Neighbourhood	Development Type	DP / RZ		Rooms (Net Gain)
<b>A</b>	833	W Pender St	Downtown	New Construction	DP	Application	106
<b>B</b>	221	Cambie St	Downtown	Conversion	DP	Application	33
<b>C</b>	516-534	W Pender St	Downtown	New Construction	RZ	Application	621
<b>D</b>	791	W Georgia St	Downtown	Addition / Alteration	DP	Application	259
<b>E</b>	123	Keefer St	Downtown	Conversion (from Residential)	DP	Application	52
<b>F</b>	848	Seymour St	Downtown CBD	New Construction	RZ	Application	393
<b>G</b>	1002-1052	Seymour St	Downtown CBD	Conversion (from Residential)	RZ	Application	168
<b>H</b>	118	Robson St	Downtown	New Construction	RZ	Application	116
<b>I</b>	399	E 1st Ave	Strathcona	Addition / Alteration	DP	Application	194
<b>J</b>	901	W Broadway	Fairview	New Construction	RZ	Application	147
<b>K</b>	888	W Broadway	Fairview	Addition / Alteration	DP	Application	39
<b>L</b>	3981	Oak St	Shaughnessy	Conversion (from Care Facility)	DP	Application	21
<b>M</b>	2086	W 41st Ave	Kerrisdale	New Construction	DP	Application	7
<b>N</b>	357-475	W 41st Ave	Riley Park	New Construction	DP	Application	78
<b>O</b>	5910-5998	Cambie St	Oakridge	New Construction	RZ	Application	270
<b>Total Application</b>							<b>2,504</b>

# **PDS POLICY GOALS & OBJECTIVES**

Prioritization Framework for Planning Policy and  
Processing Applications

Planning, Urban Design and Sustainability

May 9, 2023

# Outline

1. Alignment of Governmental Policies and Commitments
2. Current Economic Climate & Housing Trends
3. Rezoning Volumes and Trends
4. Application and Policy Prioritization Frameworks
5. Summary of Strategies



### Federal, Provincial and Municipal alignment to tackle the Housing Crisis



- Federal government
  - Target of **500,000** immigrants annually to Canada by the year 2025
  - Lower Mainland's share: **62,500 people**
  - **\$4 Billion** Housing Accelerator Fund
- Province of BC
  - **Housing Supply Act** and other housing policies aimed at enabling housing
  - **\$4.2 Billion** Homes for People Plan

### Current economic climate impacting housing supply and demand



- Housing and job growth demands generated by Immigration targets and inter provincial migration
- Increasing misalignment of incomes to housing market prices in rental and strata
- High inflation, high interest rates, labor and supply chain shortages
- Uncertainty and increased risk in development and construction industry

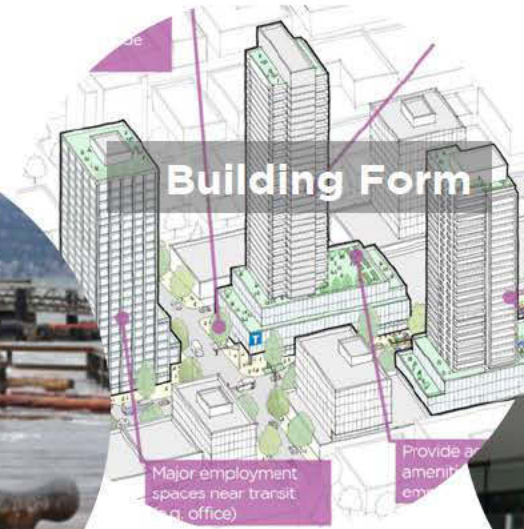
***What can the City do to facilitate delivery of much needed housing?***



# CONTEXT

## Identify and align city building goals, objectives and policies:

- Meet the challenges of today
- Capture and maximize investment from Senior Governments
- Infrastructure investment and capital planning





# EXISTING POLICIES ARE KEY TO ACHIEVE OUTCOMES

## Employment lands and the office market are currently in a healthy position

- Current vacancy rate a healthy 8.4% in Q1 2023 (Vancouver downtown)
- Between Q1 2020 and Q1 2023, 2,446,975 ft<sup>2</sup> office supply was added
- Approx. 3 million ft<sup>2</sup> of office space under construction in Downtown Vancouver

Figure 1: Downtown Vancouver Office Vacancy Rate (Q1 2012 – Q1 2023)

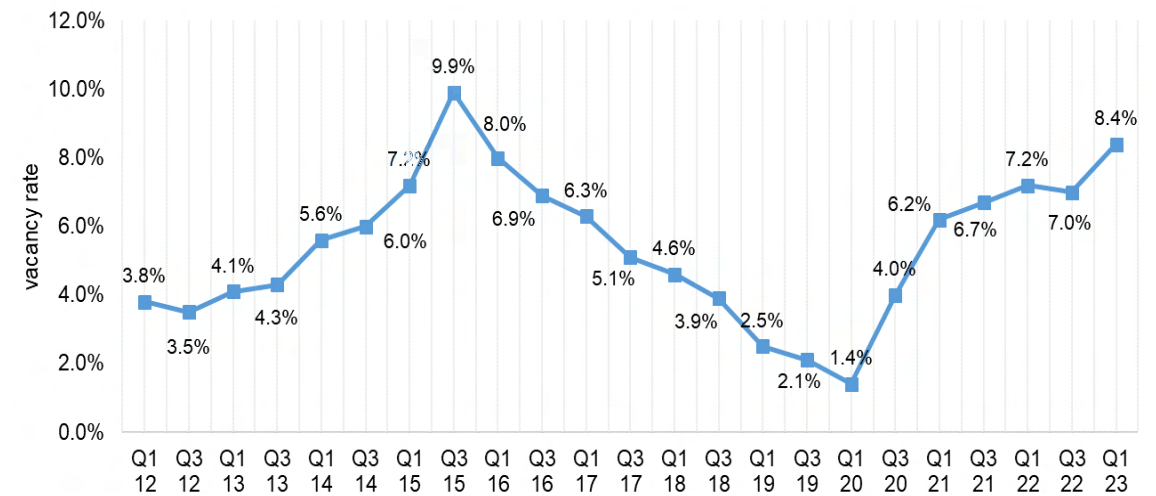
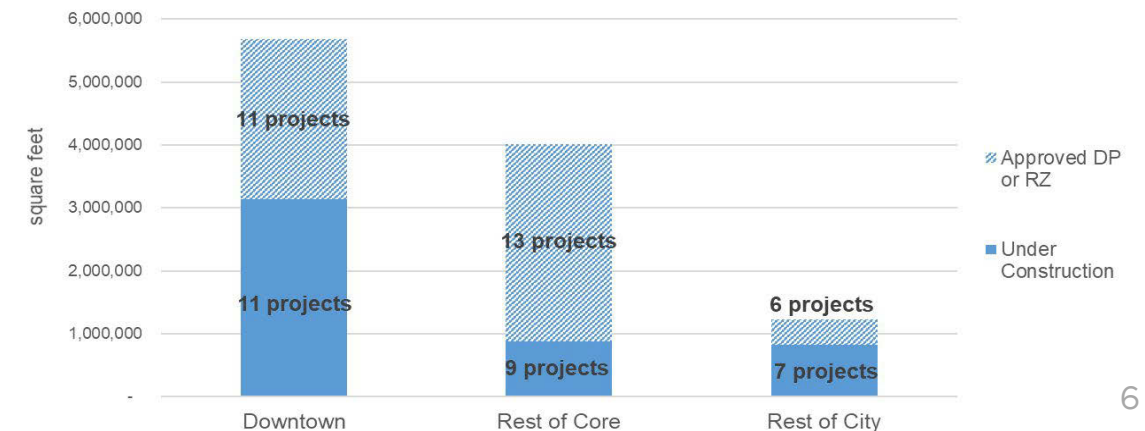


Figure 2: Major Office Developments Under Construction, or with Approved Development Permit or Rezoning Applications

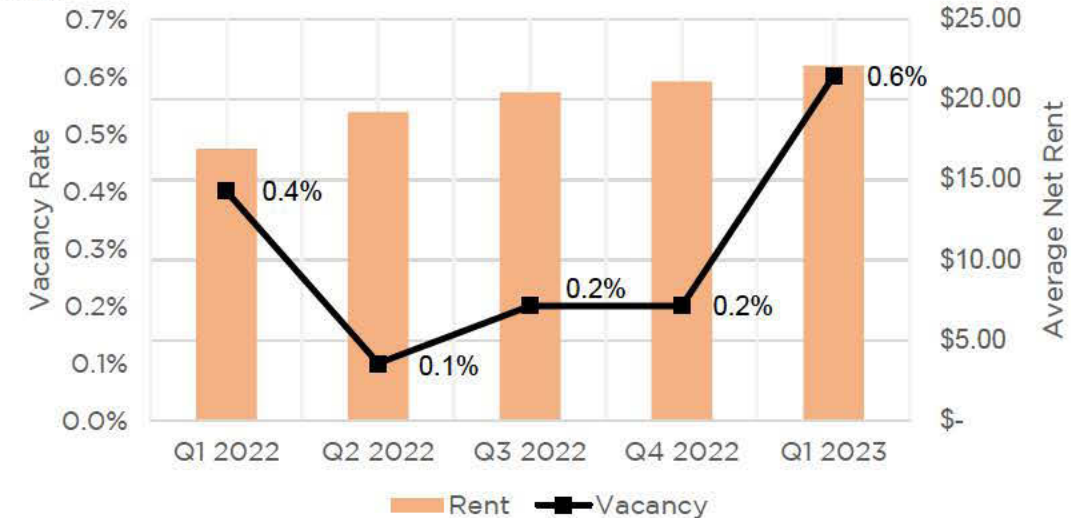


# EXISTING POLICIES ARE KEY TO ACHIEVE OUTCOMES

## Demand for industrial space is extremely high

- Greater Vancouver continues to have one of the lowest industrial vacancy rates in Canada (less than 1%)
- Rents are increasing
- Developers in City of Vancouver are responding with stacked industrial forms:
  - 1 million ft<sup>2</sup> under construction
  - 600,000 ft<sup>2</sup> recently approved but not yet started

*Figure 1: GVA Industrial Vacancy and Average Net Rent Prices, Colliers International*



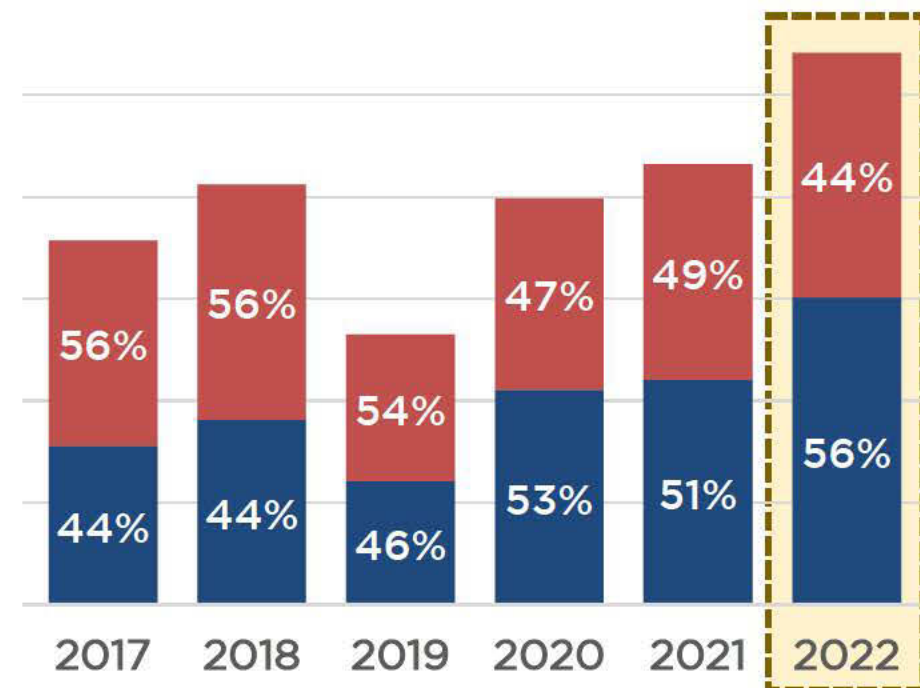
*Figure 2: Example of stacked industrial under construction at 8188 Manitoba Street in the I-2 district with over 23,000 ft<sup>2</sup> of industrial space*



### Housing Vancouver Strategies have successfully shifted the housing supply

- In the last 6 years, the City has approved 32% more units than the previous years
- 2022 had the highest share of rental housing in the last decade
- Construction starts and completions lag approvals

**In 2022, 56% of new approvals were secured rental**



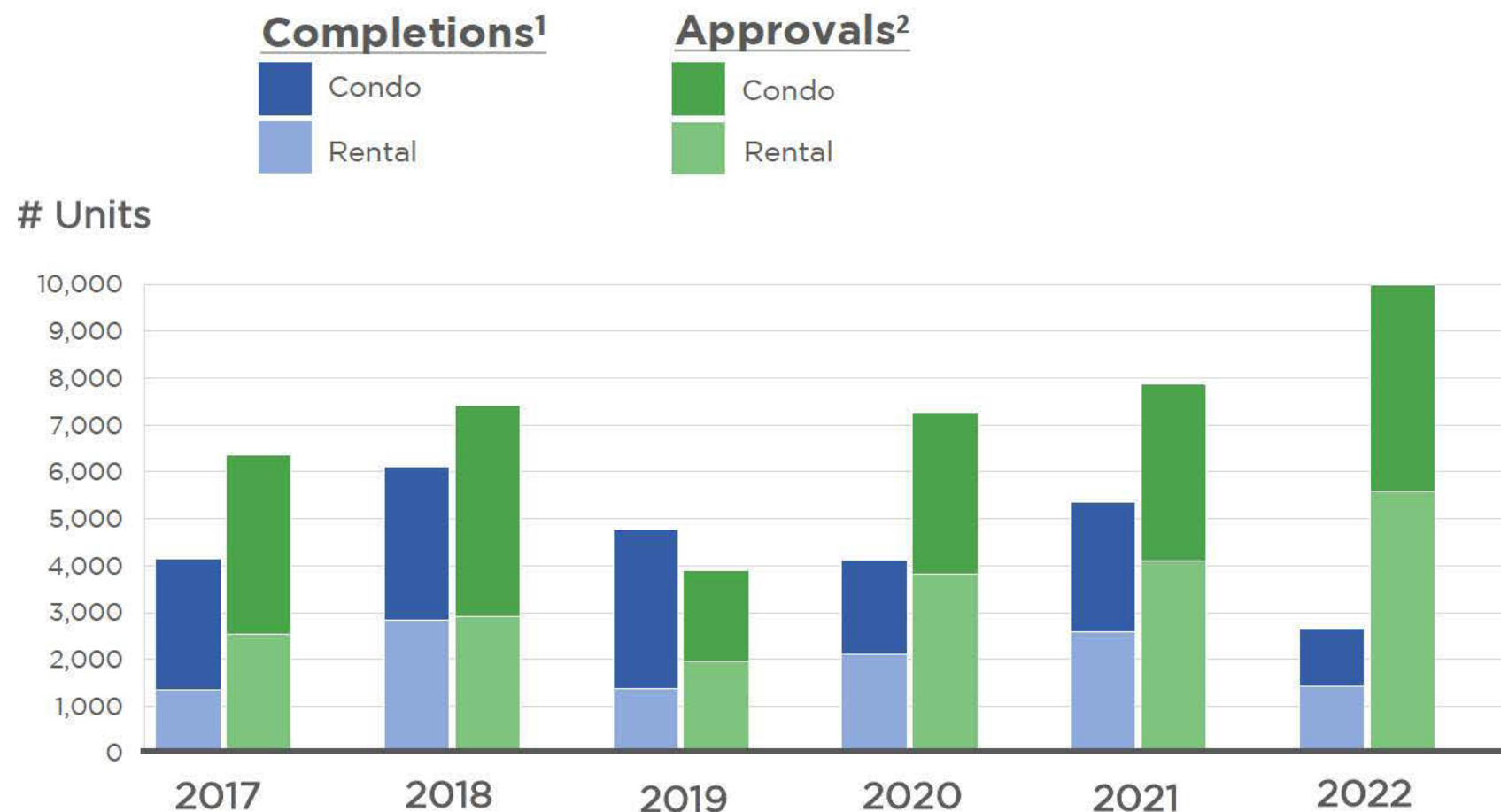
- Ownership (condominium and townhouses)
- Primary Rental (social, supportive, purpose-built rental housing, and laneways)



# ENSURING HOMES GET BUILT

## Apartment Completions and Approvals in the last 6 Years

Over the last 6 years the City has approved just under **43,000** housing units compared to just under **28,000** housing units completed



1. Completions sourced from CMHC Starts and Completions Survey

2. Approvals sourced from City of Vancouver Public Hearings and Development Permits

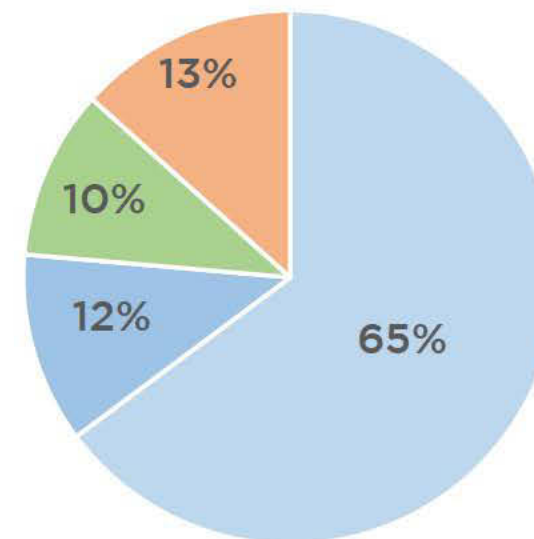
## CURRENT REZONING VOLUME

### Rezoning Stream

- Policies are working to encourage growth and development
- 3-4 year supply of units based on past trends
- Range of housing tenure and mix

#### Active\* rezoning projects delivering

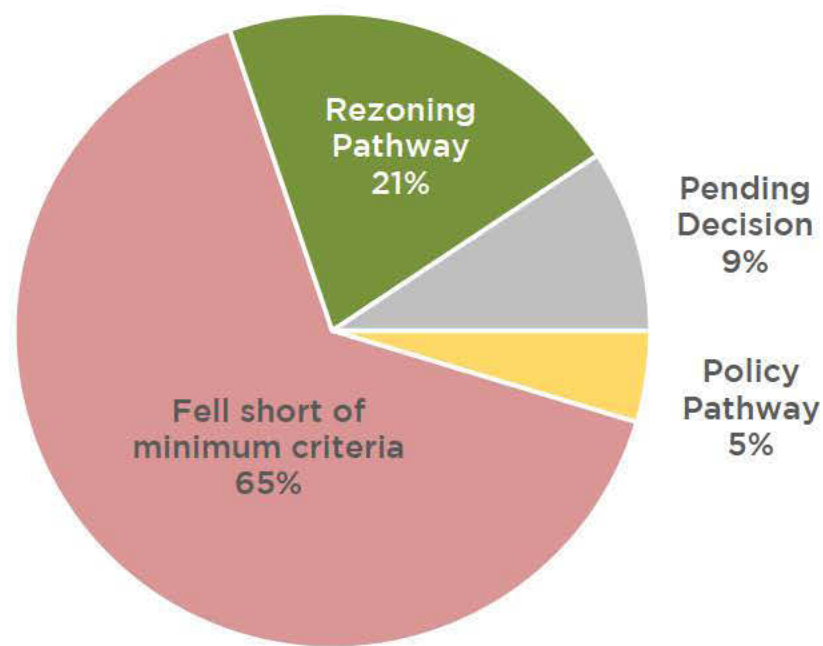
- Housing units: 35,687
- Job space: 8,798,276 sq. ft.
- In-kind and cash CACs



Tenure Type	Unit Count*
Secured Market Rental	23,130
Below Market Rental	4,125
Social Housing	3,671
Strata	4,761
<b>Total</b>	<b>35,687</b>

*\* Includes rezoning enquiries, with 64% of enquiries turning into rezoning applications to-date.*

# POLICY ENQUIRY PROCESS



## Results since launch (Oct 2021):

- Rezoning Pathway: 9
- Policy Pathway: 2
- Fell short of min. criteria: 28

## Projects Recommended for Rezoning Pathway

- Job space: 123,748 sq. ft.

Tenure Type	Unit Count	%
Secured Market Rental	1,424	36%
Below Market Rental	158	4%
Social Housing*	1,409	35%
Strata	1,008	25%
Total	3,999	100%

\* Includes Seniors Supportive and Assisted Housing



# OPPORTUNITY: PEP + ENHANCED REZONING

## Enhanced Rezonings – Underway

- Downtown Eastside Policy Amendments
  - Unlock affordable housing potential in DTES
- 3200 E Broadway
  - Reconciliation, maximize employment space potential
- Louis Brier/Shawn Oaks
  - Long term care, housing, childcare

## Enhanced Rezonings – Pending

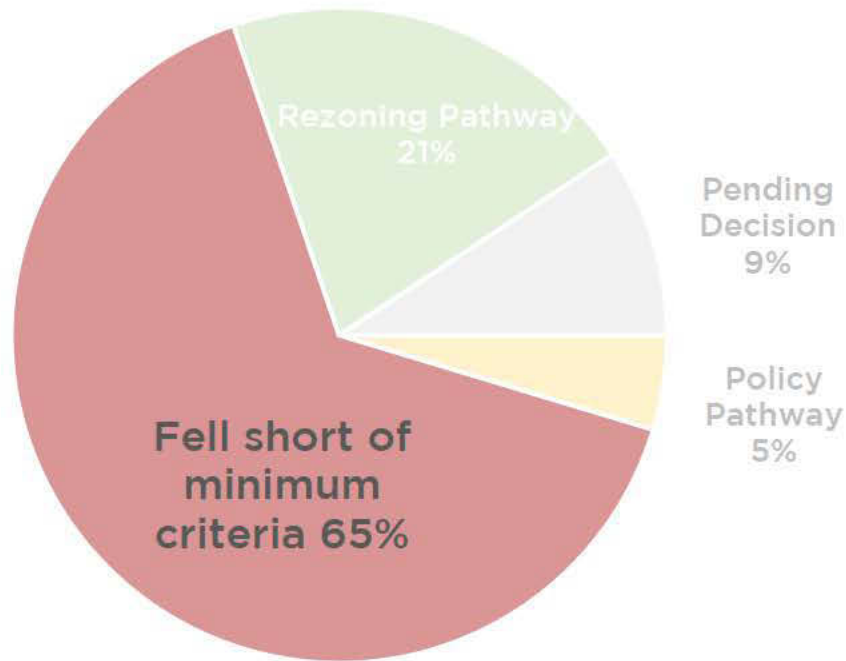
- Sinclair Centre
  - Significant job space in CBD

## Units Proposed\*

- Market rental: 2,500+
- Below Market Rental: 500+
- Social housing: 400+
- Seniors Supportive or assisted housing: 150+
- Strata: 1,000+
- Employment space: 450,000+ sq. ft.

*Capacity to process 3-4 site specific  
Policy Non-Compliant & Enhanced  
Rezoning applications per year*

## POLICY ENQUIRY PROCESS - SINCE LAUNCH



*Some proposals are seeking exceptions to policies where other similarly situated properties and applications have achieved full compliance.*

### Applications that fell short of min. criteria

- Residential encroachment in industrial/employment lands
- Tenant displacement without adequate replacement units
- Market rental without commensurate below-market rental units
- Increases in density without proportional increases in amenities
- Insufficient utilities or transportation infrastructure

### The Policy Enquiry Process options and improvements



- Ongoing operational improvements
- Council may choose to reassess the current PEP criteria to align with its goals, priorities and desired outcomes to increase success rate of applications
- Recommendation for consideration included in the report



## Impacts to processing timelines and outcomes

### Issues

- Housing Crisis: housing affordability, homelessness
- Volume of applications and enquiries
- Policy compliance within applications impacting processing timelines
- Policy work that focuses on goals and desired outcomes
- Improvements needed to application processing



### Impacts

- Slower processing and response times (causing downstream construction delays)
- Increased frustration on behalf of applicants
- Staff burnout, morale issues, medical leaves, and turnover
- Diminished Customer Service



# STRATEGIES RESULTING FROM PRIORITIZATION FRAMEWORKS

## Short Term (6-9 mo.)

- Prioritize processing policy compliant proposals (inc. housing approval #s)
- Modifications to Public Hearing schedule
- Ongoing operational improvements
- Assign lower priority to policy non-compliant proposals, proposals that undergo multiple revisions
- Wait list new Policy Enquiry (PEP) applications until new Council priorities and goals established
- Pre-zoning Cambie townhouses, Broadway Plan C-2 & I-1C, Missing Middle (RS)

## Medium Term (9-18 m)

- Prioritize applications with secured funding
- New Housing Vancouver 3-Year Action Plan
- Monitor prioritization framework
- Onboard new staff
- Scoping of policy work and future report backs to Council, per Work Plan
- Ongoing operational improvements

## Long Term (18+ mo.)

- Policy work to increase the right supply of housing
- Policy and regulatory changes to identify more areas for “pre-zoning”
- City-wide land use plan / Official Community Plan
- Report back to Council on policy initiatives from PDS 4-Year Work Plan
- Vancouver Plan Implementation actions
- Digital Transformation

# PRIORITIZATION FRAMEWORK FOR REZONING

**Responding to Housing Crisis:**  
housing supply, affordability, homelessness



**Delivering on Jobs & Vibrant Economy** (including industrial, office, retail and hotel)



**Supporting Key Partner or Critical Infrastructure Delivery**



**Addressing Climate Action**





# PRIORITIZATION FRAMEWORK FOR PDS 4-YEAR WORK PLAN

**Equitable Housing & Complete Neighborhoods**



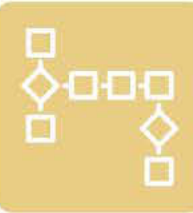
**Jobs & Vibrant Economy**  
(An Economy that Works for All)



**Climate Protection &  
Restored Ecosystems**



**Creating Efficiencies**



**General Guidance**



## RECOMMENDATIONS

- A. THAT Council receive this report for information.
- B. THAT Council endorse the Prioritization Framework for Rezoning Applications as outlined in Appendix A to inform the processing of rezoning enquiries and rezoning applications over the short term.
- C. THAT Council endorse the Policy Prioritization Framework as outlined in Appendix B, to inform the development of a 4-year work plan for the Planning, Urban Design and Sustainability department to 2026, for consideration as part of a future report back.

## CONSIDERATION

- A. THAT Council direct staff to report back on refined criteria for the Policy Enquiry Process, aligned with the Housing Vancouver Strategy and the Vancouver Plan land use framework, Big Ideas and Foundational Principles, as well as the Prioritization Framework for Rezoning Applications as outlined in this report.

THANK YOU



# 2022 Housing Progress Update

Housing Vancouver Strategy Implementation

**RTS no. 15579**

# Outline

1. Housing Vancouver and Vancouver Plan Background and Context
2. 2022 Housing Approvals
3. Progress Towards Housing Vancouver 10-year Goals
4. Housing Policy Actions/Response



- **Housing Vancouver Strategy Priorities:**
    - Shift toward rental and non-market housing
    - Protect and retain the existing rental stock
    - Support marginalized residents
- Goal:** Shift new housing toward the “Right Supply” to address a diversity of incomes and building forms.





# Shifting toward the Right Supply

## 10-year housing targets with 5 key goals:

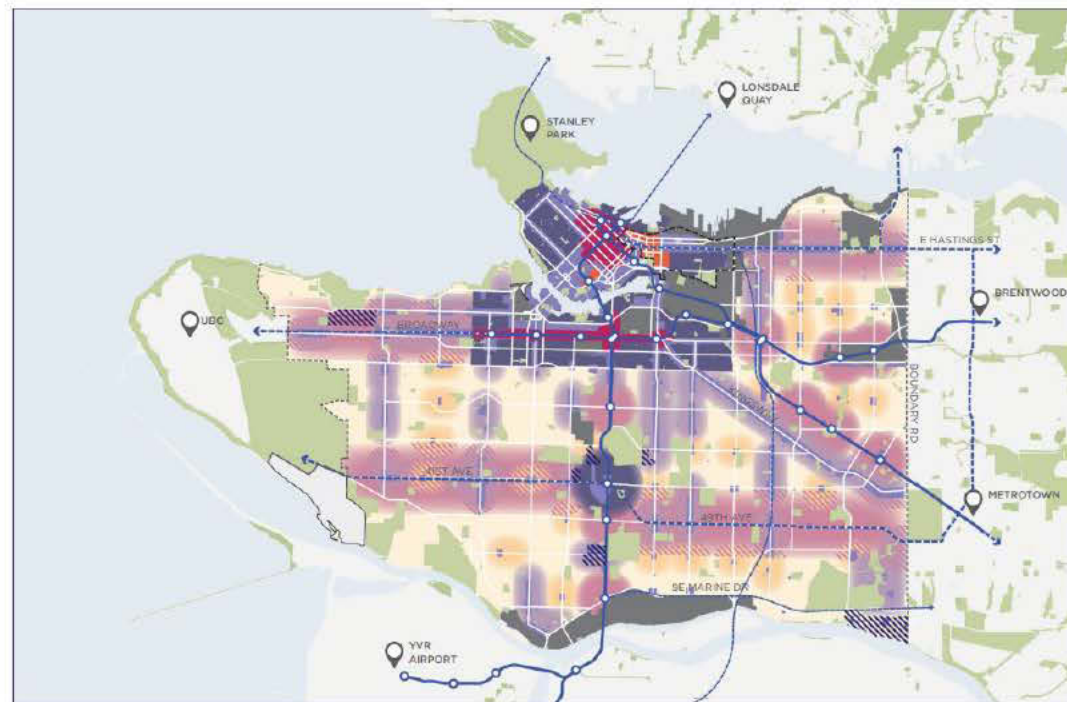
- ✓ 72,000 new homes over 10 years
- ✓ 2/3 of all new homes be rental
- ✓ Half of all new homes to be affordable to incomes earning less than \$80,000
- ✓ 40% of new homes to be suitable for families
- ✓ Increase low density ground-oriented forms such as townhouses and laneways





# Vancouver Plan

- Advances Housing Vancouver through city-wide land-use policies, with a **focus on adding rental and non-market housing**
- Direction to develop **demographic-based housing strategies** and embeds development of the next **Housing Vancouver Three Year Action Plan**



**High Level Land Use**

- First Nations Reserves
- High Streets and Commercial Hubs
- Industrial/Employment
- Business Districts
- Downtown Heritage Districts
- Downtown Eastside
- Major Projects Sites in Progress

**Neighbourhood Types**

- Metro Core/Broadway + MTC
- Rapid Transit Area
- Neighbourhood Centre
- Village
- Multiflex Area
- Village/Neighbourhood Centre overlap with Rapid Transit Area

**Transit Network**

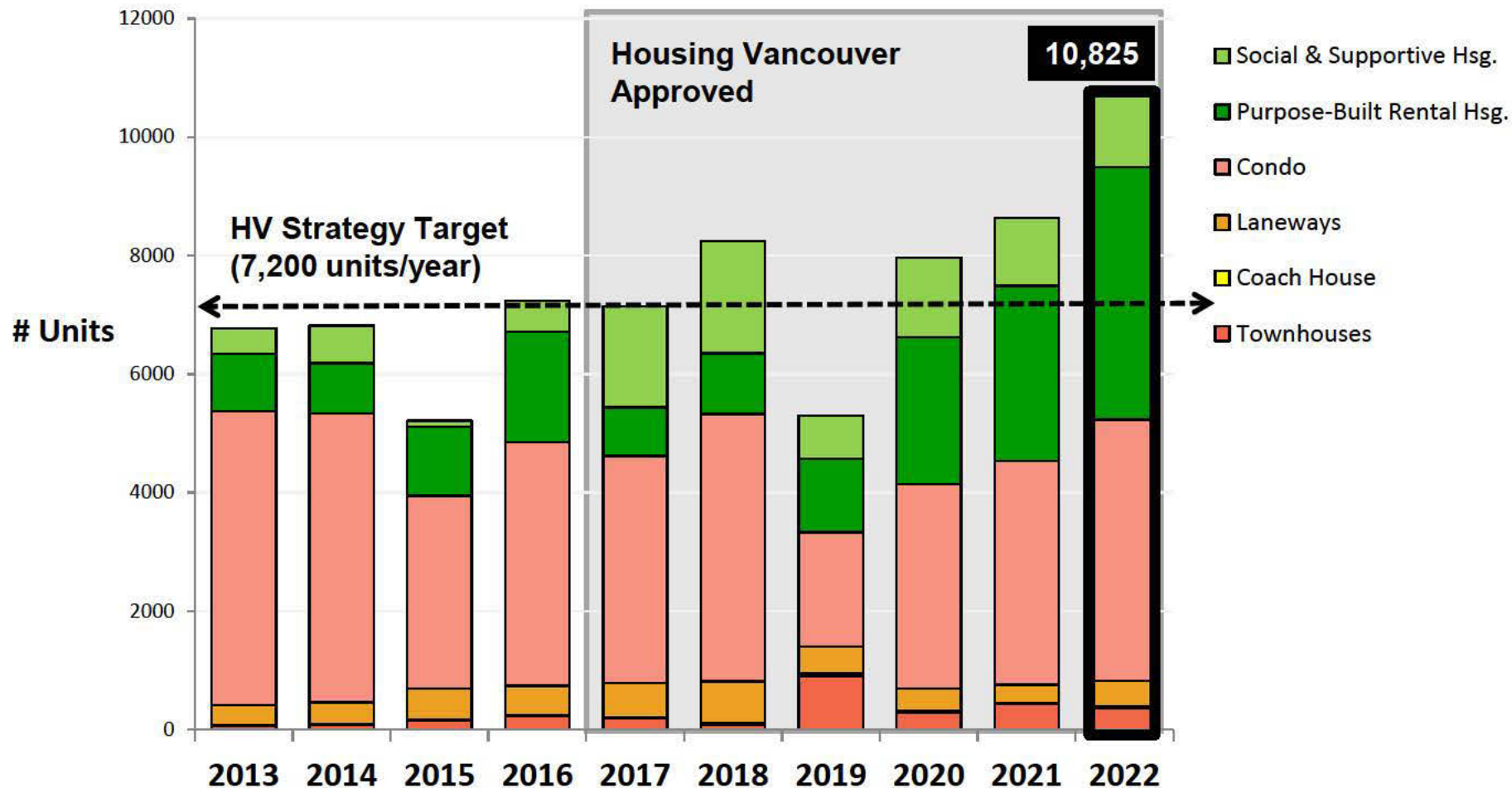
- Existing Rapid Transit Station
- Existing Rapid Transit
- Major Transit Network

**Ecology**

- Parks and open space and greenspace in other jurisdictions
- Waterbody

# *2022 Housing Approvals*

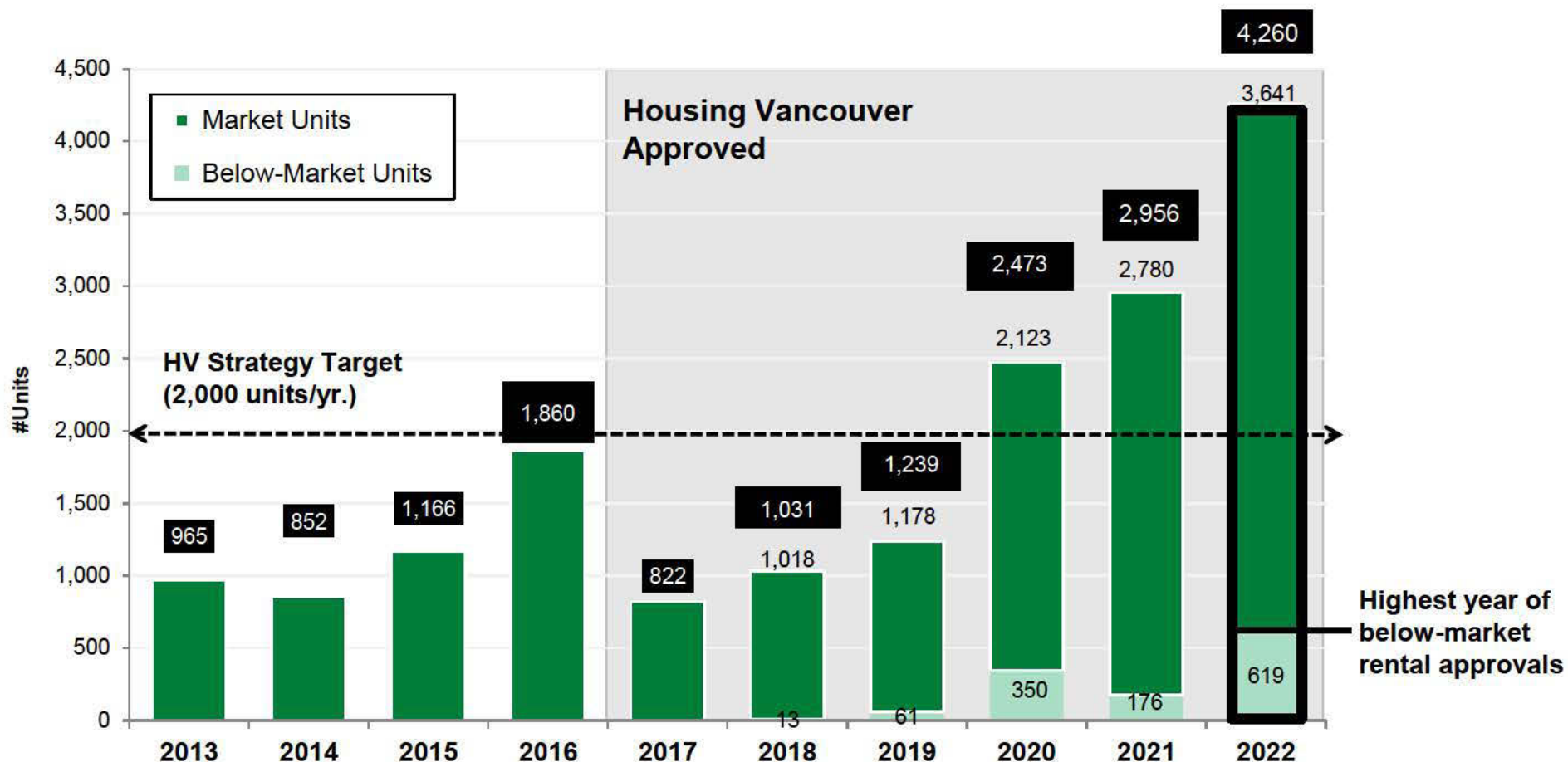
# Record housing approvals over the last 10 years



**Targets are a measure of approvals** – defined as project approvals at public hearing for developments requiring a rezoning, or development permit issuance for projects that do not require a rezoning.

# Purpose-Built Market Rental: Record year in approvals – highest in recent decades

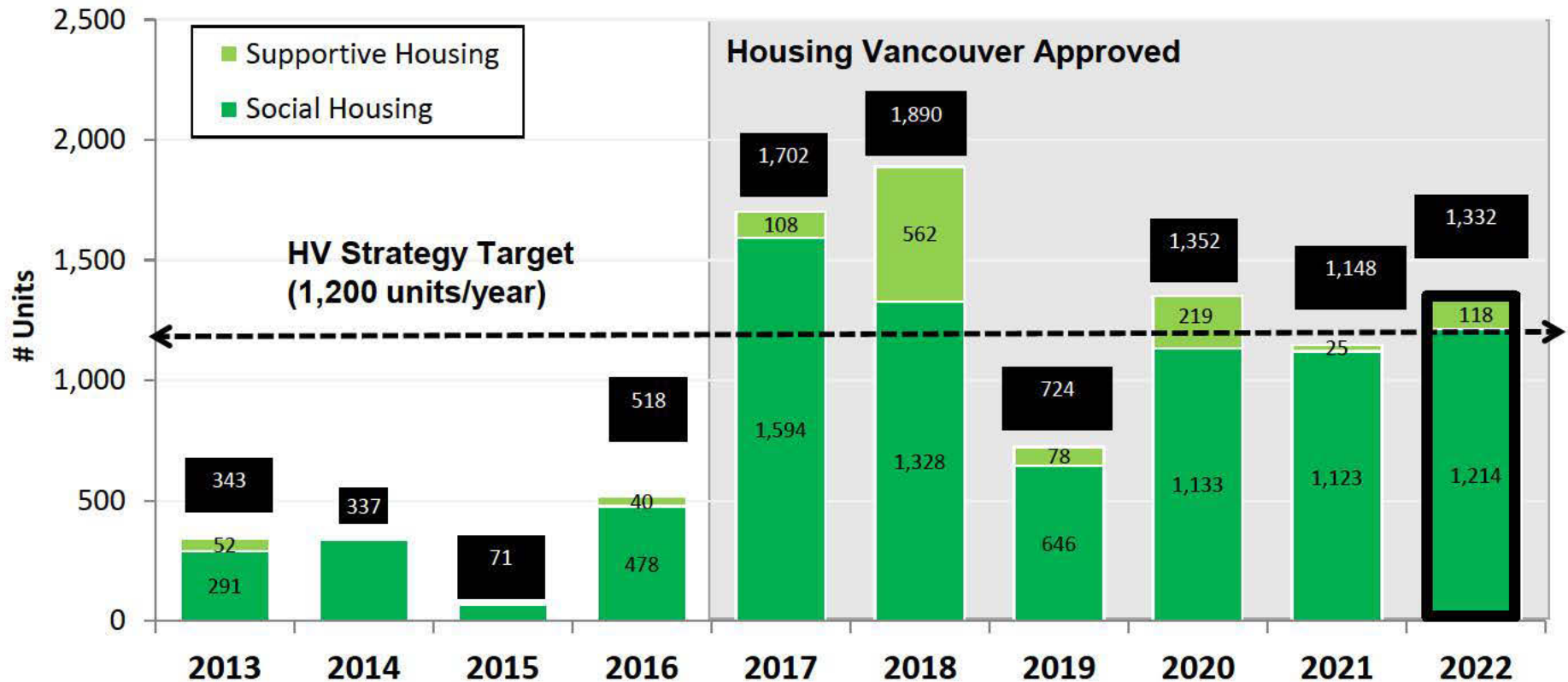
Purpose-Built Rental Approvals By Year (2013-2022)





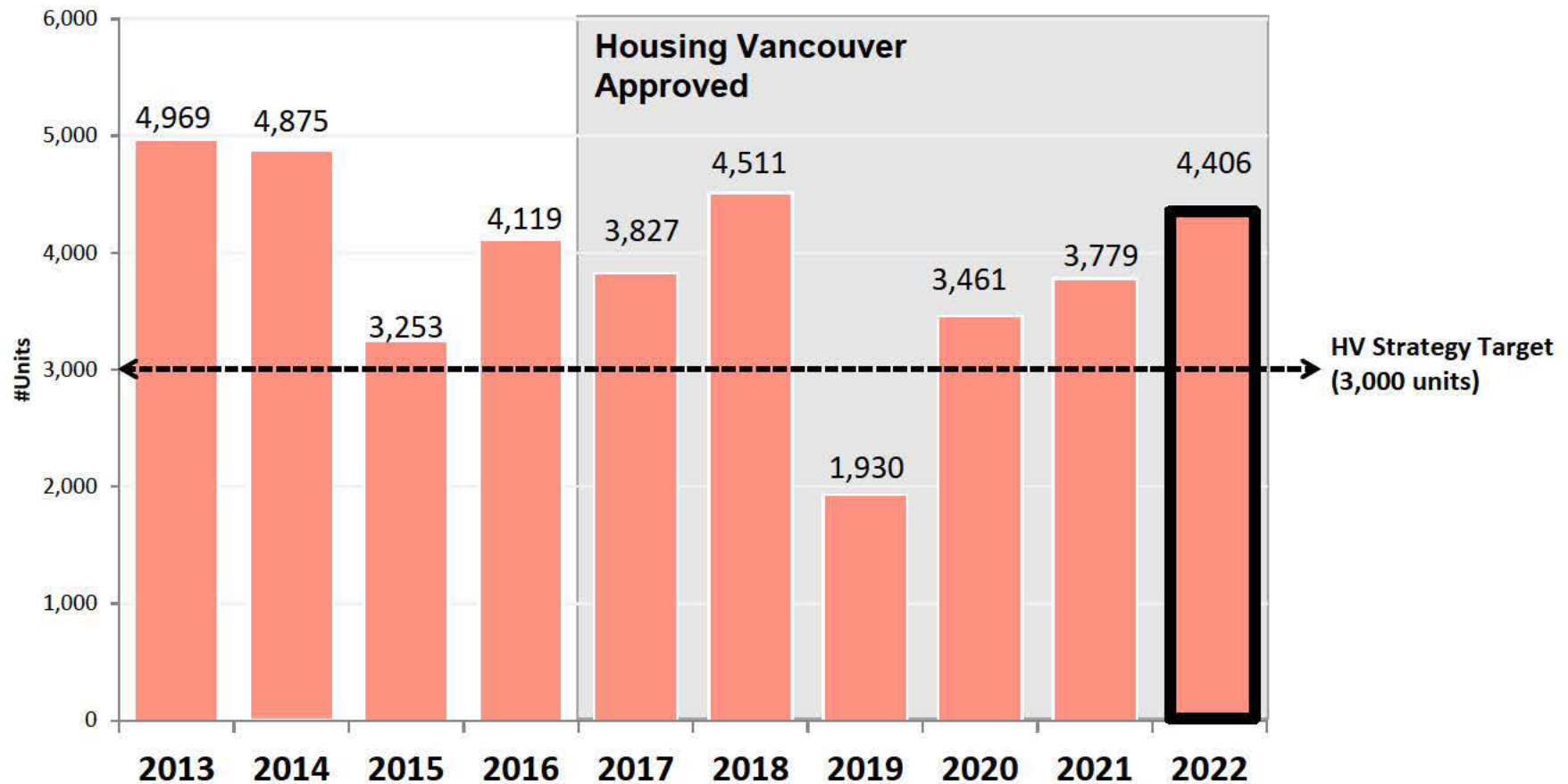
# Social/Supportive Housing: Significant increase in approvals compared to 2019

**Social and Supportive Housing Approvals by Year (2013-2022)**



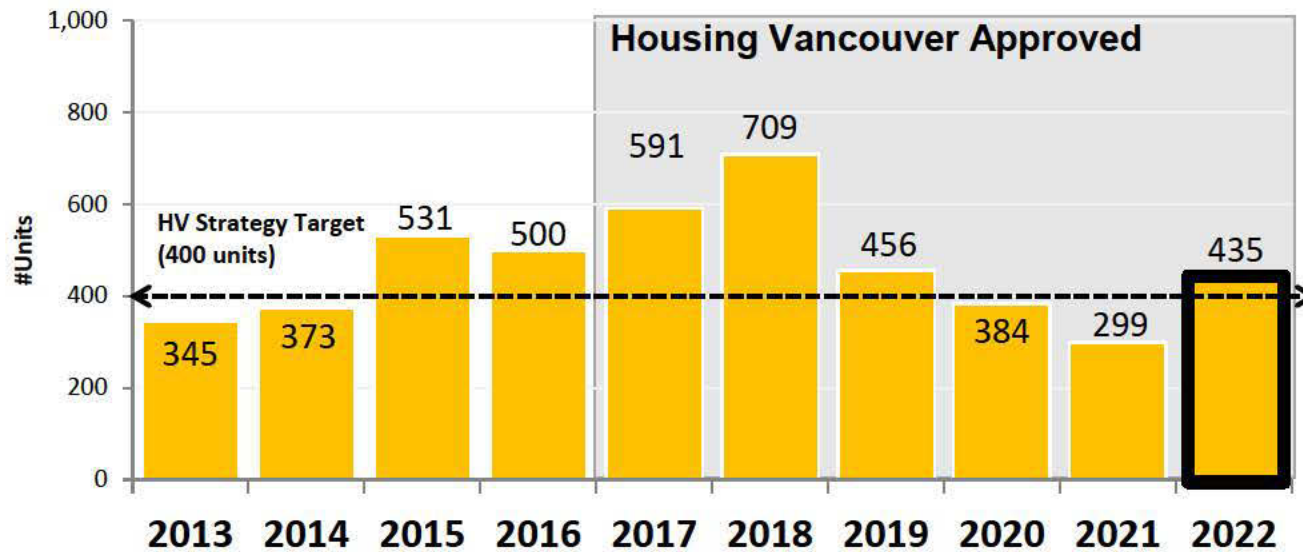
# Condominiums: Rebound in approvals since 2019

Condo Approvals By Year (2013-2022)



# Laneway Houses: Approvals are down from recent years\*

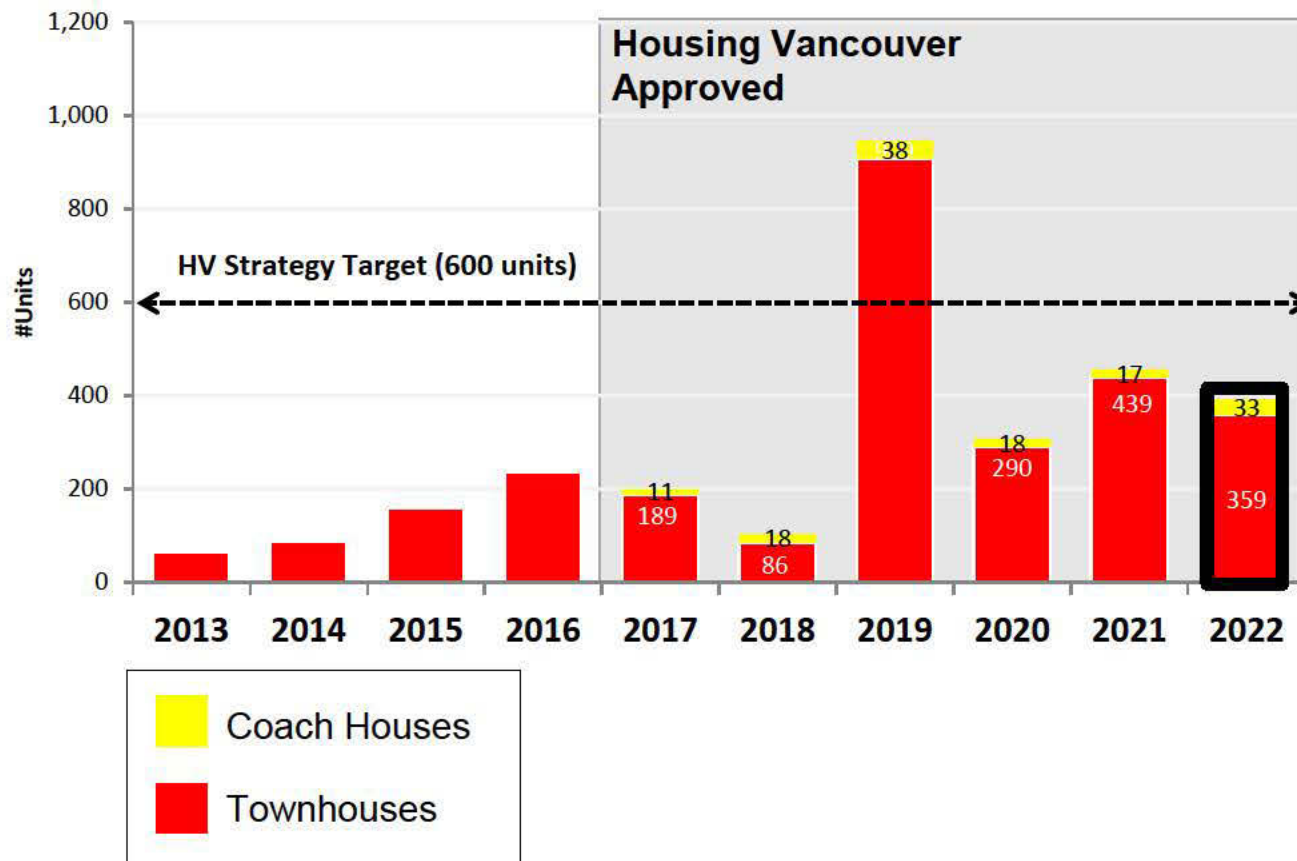
Laneway Approvals by Year (2013-2022)



*Laneways are a form of infill housing that cannot be strata-titled*

# Townhouse and Coach Houses: Approvals just under annual target and above 10 year average

## Townhouse and Coach House Approvals By Year (2013-2022)



*Townhouses provide new ground-oriented home-ownership options for families and downsizing seniors.*



*Coach houses are a form of infill housing that can be strata-titled and are saleable separate from the main property*



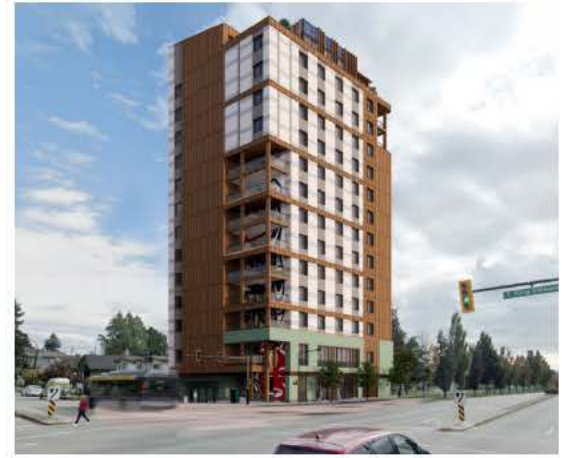
# 2022 Approved Housing for Diverse Communities



**622 SW Marine** – 573 units, inc. 28 supportive units for single women and their children



**2050 Rupert** – 64 social housing units for seniors



**1410 E King Edward** – 100 social & supportive housing units for Indigenous peoples



**2009 Stainsbury** – 123 social housing units for low to medium-income people and families

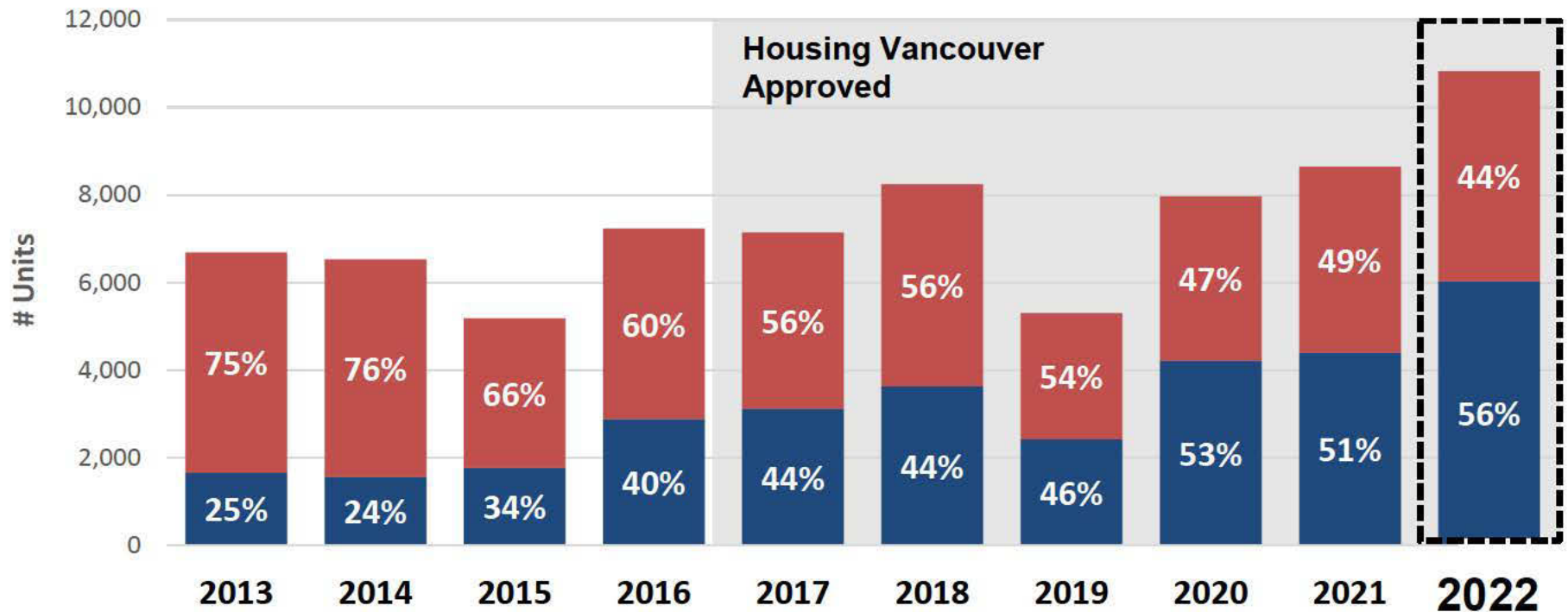


**Heatherlands** – Approx. 1,670 units across multiple buildings with a variety of unit types, inc. 540 social housing units

# *Progress toward Housing Vancouver 10-year goals*

# Successfully making the shift towards secured rental since 2017: 2022 had the highest share of rental housing in the last decade

- Ownership:** includes newly approved condominium and townhouse units
- Primary Rental:** includes social, supportive, purpose-built rental housing, and laneways



*\*Please see Progress Report Dashboard 2021 Annual Update for an annual count of social, supportive, and purpose-built rental completions*

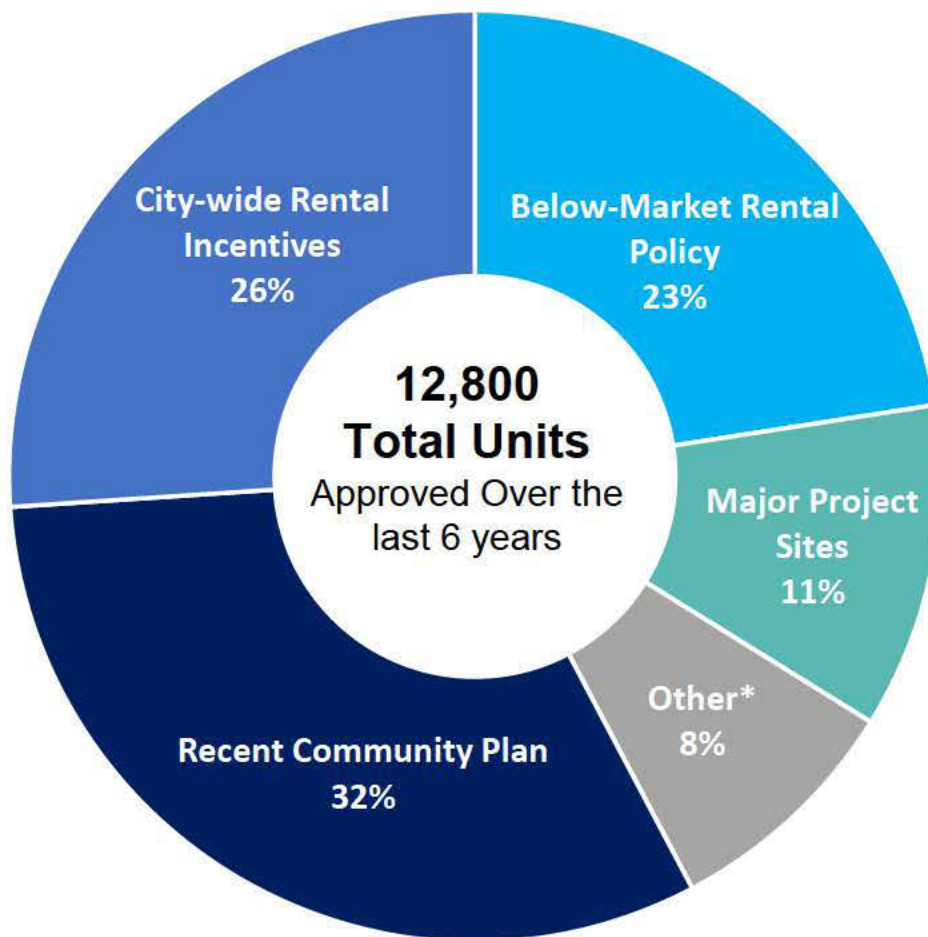


# City-wide and area specific rental policies are key to enabling new rental

## Purpose-Built Rental Approvals from 2017-2022

### Rezoning In-Stream As of March 2023:

- Applications in review for **7,200** market rental and **800** below-market rental units
- Proposals for **15,800** market rental and **3,500** below market rental units

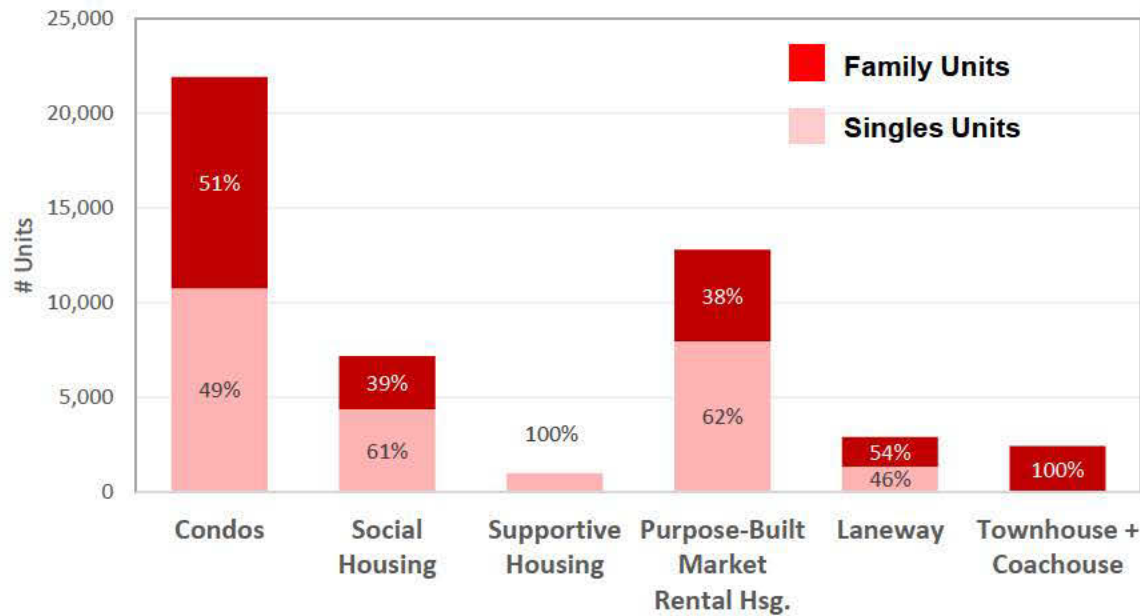


*\*Other refers to projects approved under existing zoning, renovations, or projects where 1 for 1 rental replacement was a requirement since redevelopment was located within a Rental Housing Stock ODP zoning district*

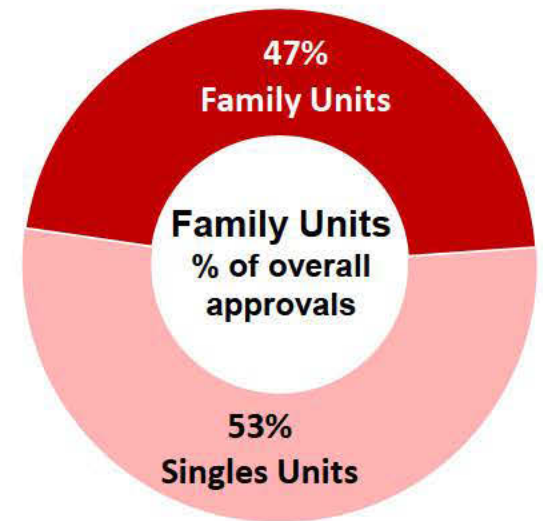


# Exceeding family housing target: 47% of approved units from 2017-2022 have 2+ bedrooms

**% of 6-Year Family Unit Target Achieved by Housing Type**



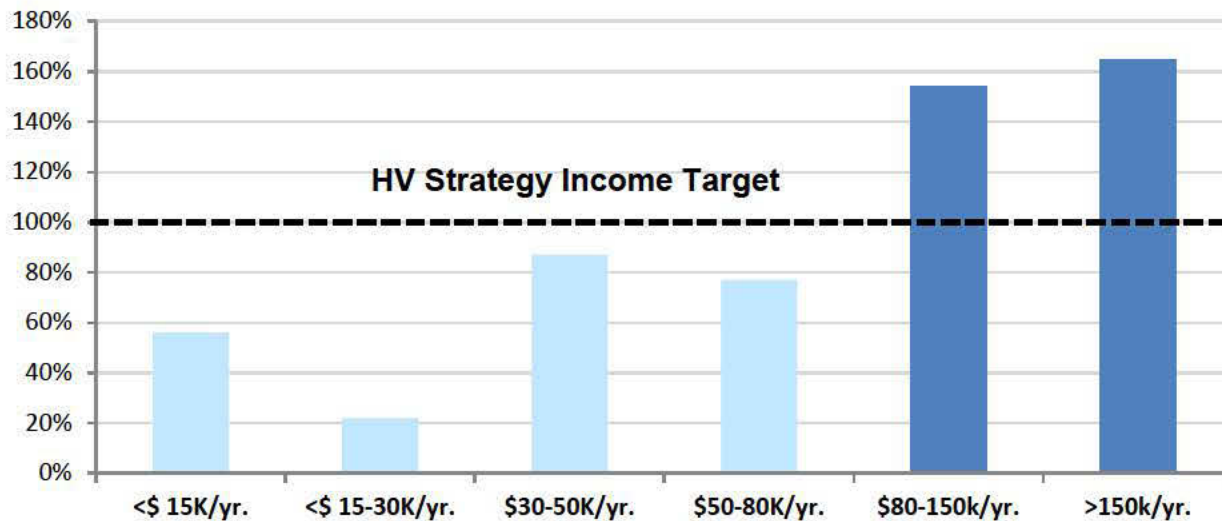
**Housing Vancouver Goal: ~40% of new approved units to be family-sized**



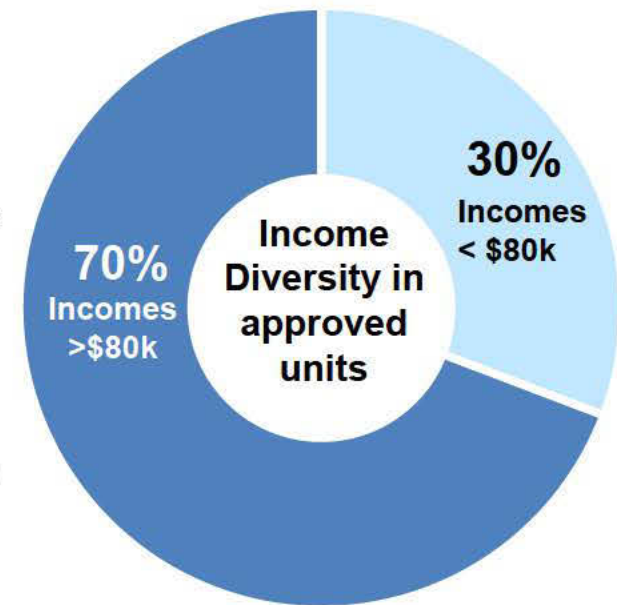
# Falling below targets to serve low-moderate incomes: Only 31% of approved homes from 2017-2022 are affordable to <\$80K

## % of 6-Year Unit Targets by Income Diversity

Trends towards achieving deeper affordability



**Housing Vancouver Goal:** 48% of new homes for incomes <\$80k/year

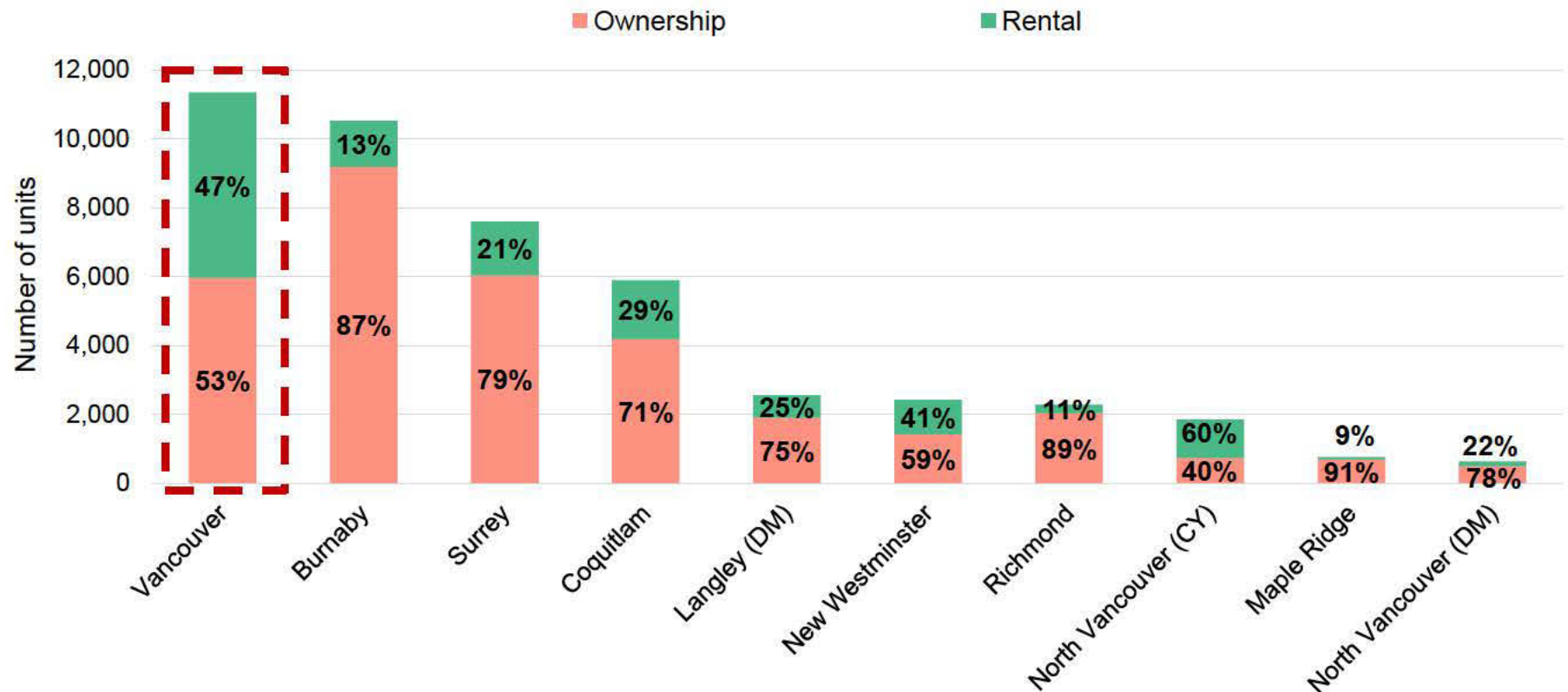


# Vancouver leading the region in creating new housing

Over 11,000 homes are currently under construction in Vancouver

3,379 market rental + 2,331 non-market housing units

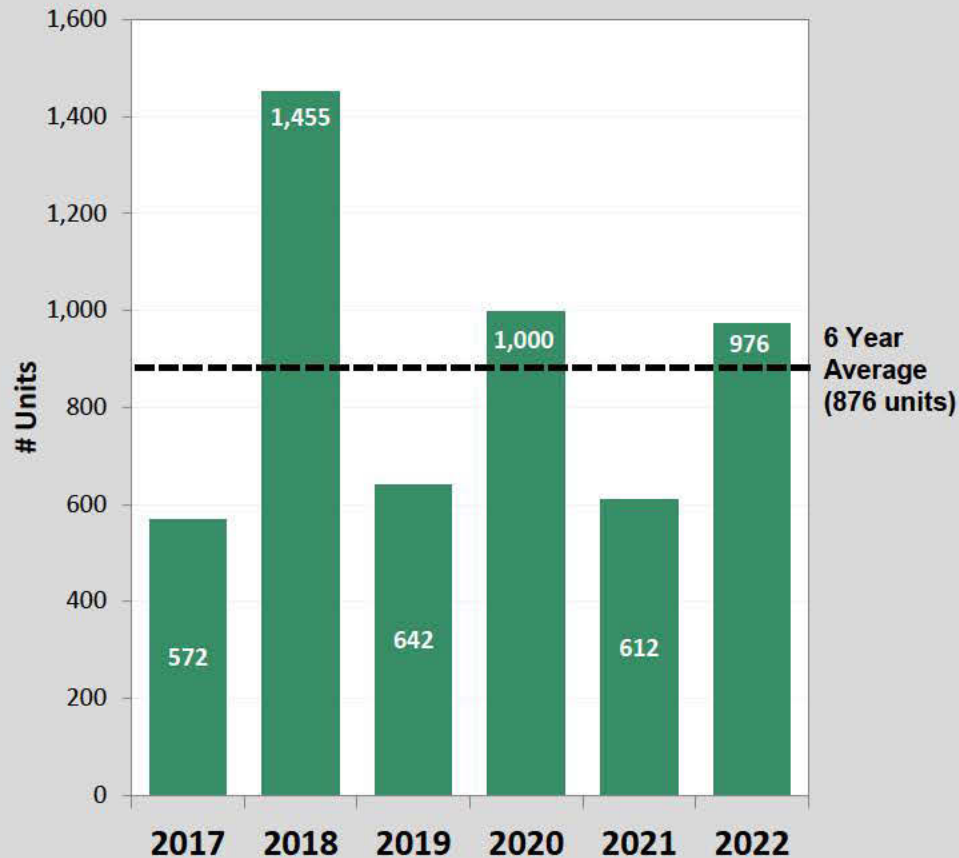
Units Under Construction and Share by Type of Unit (Dec 2022)





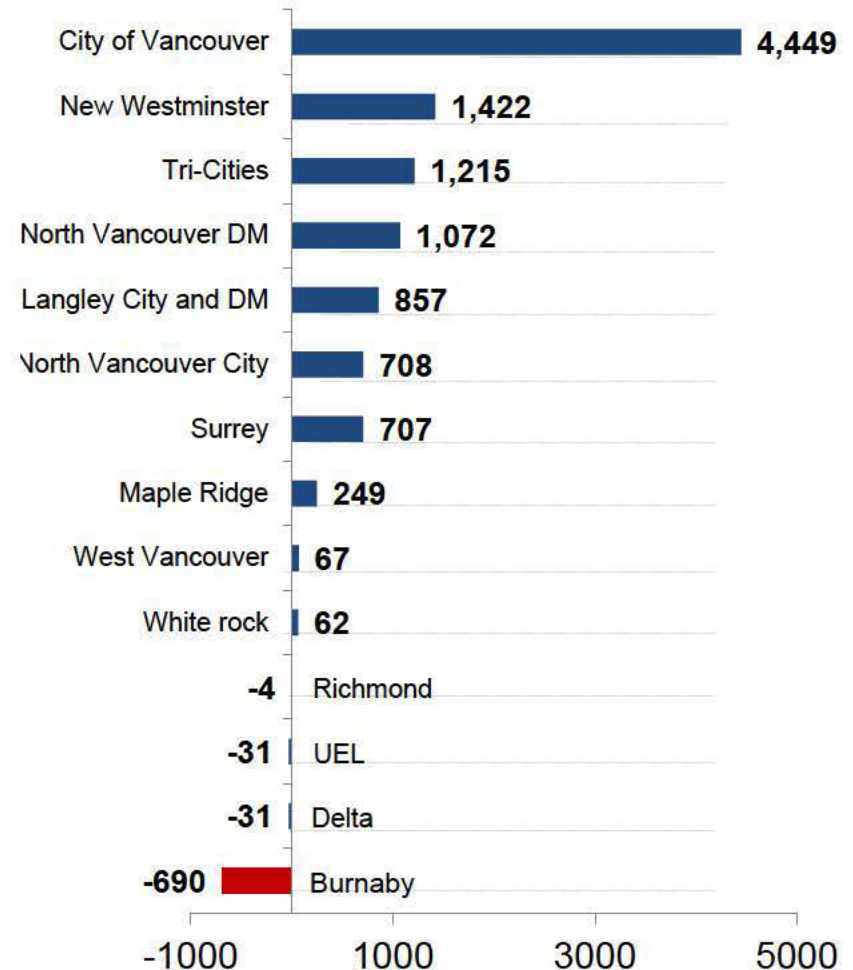
# Significant Gains in New Purpose-Built Rental Housing from Recent Completions Compared to the Rest of the Region

## Annual Purpose-Built Rental Completions in the City of Vancouver



**Source:** CoV Development Permit System

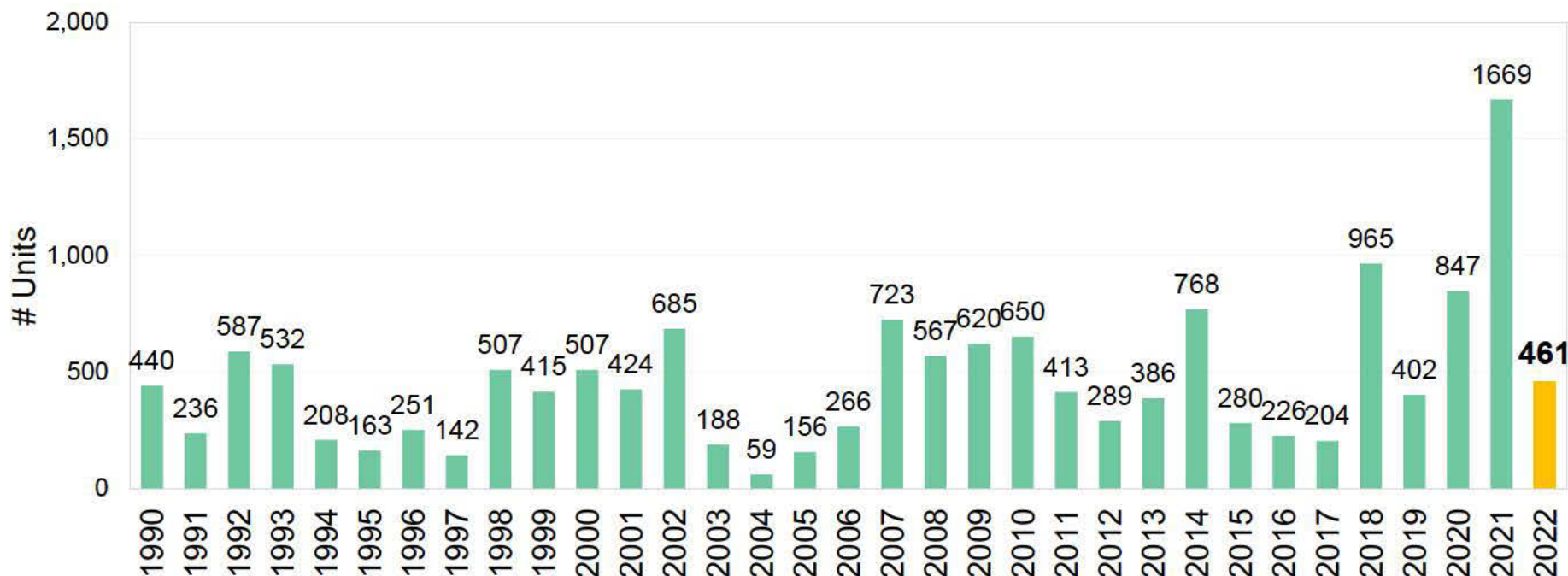
## Change in Purpose-built Rental Stock in the Region from 2017-2022



**Source:** CMHC Rental Market Survey



# Social and Supportive Housing Completions and Acquisitions



2022 net completions: 383 units



**616 E Cordova St**  
*UGM Women & Families Centre*



**75-95 SW Marine Dr**  
*Chelsea Marine*



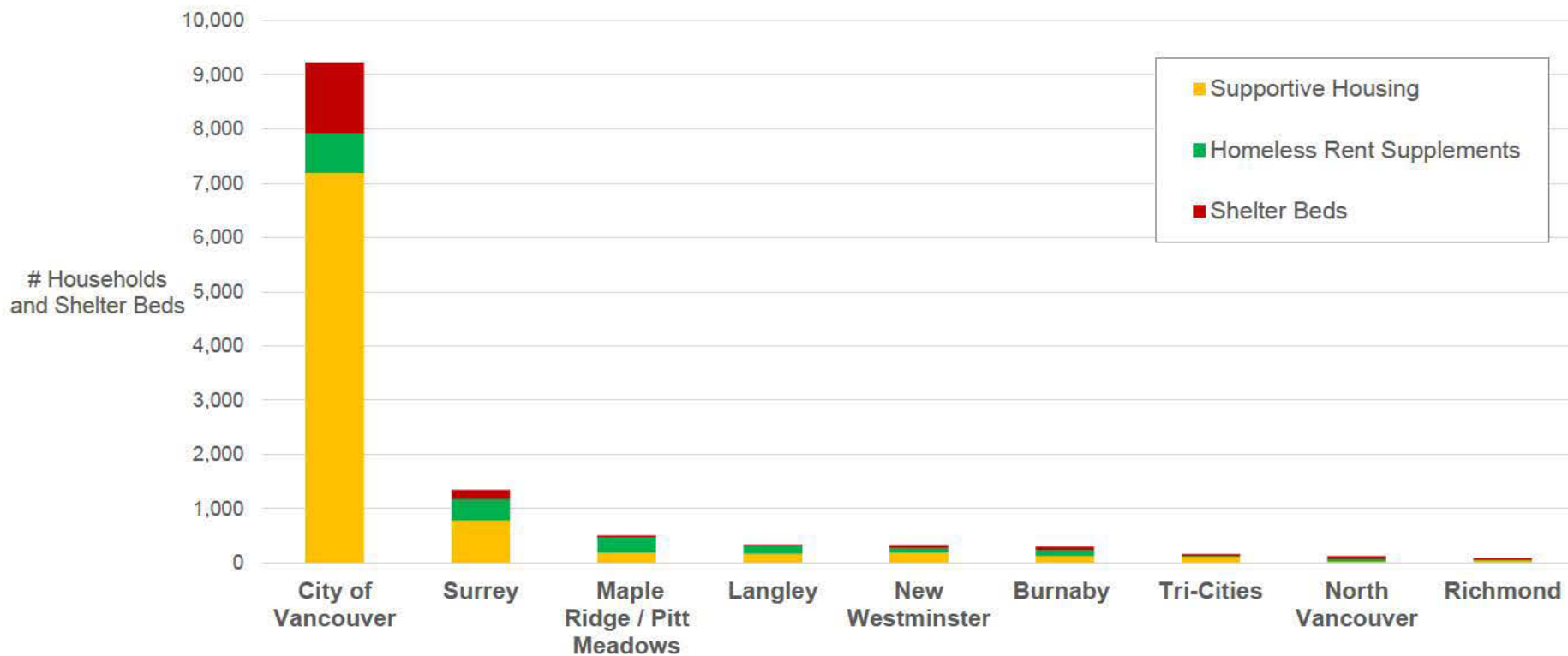
**603 W 59<sup>th</sup> Ave**  
*Dogwood Gardens*



**33 W Cordova St**  
*The Stanley*

# Addressing Homelessness Across the Region

## Metro Vancouver Housing Resources and Shelters By Municipality



### Sources:

\*Metro Vancouver Data Book – March 31, 2022

\*\*All shelter bed counts for City of Vancouver are sourced from internal metrics as of March 31, 2023

# ***Housing Actions 2023-2024***



# Context & Challenges

## Significant Immigration & Existing Housing Need

- Record-breaking **431,000** people became permanent residents in 2022
- Canada to welcome up to **500,000** immigrants per year by 2025
  - ~46-66K per year for Metro Van
- Pent-up need from existing and forming households
- Regional approach needed to meeting high housing need

### Ottawa reveals plan to welcome 500,000 immigrants per year by 2025



Plan to boost immigration comes as country faces labour shortage

The Canadian Press - Posted: Nov 01, 2022 9:26 AM PDT | Last Updated: November 1, 2022



### Trudeau's immigration push wins support despite housing crunch

*Nearly half of Canadians support this year's immigration target*



Bloomberg News  
Randy Thanthong-Knight

Published Mar 09, 2023 • Last updated 3 days ago • 2 minute read



# Context & Challenges

## Economic Uncertainty & Rental Market Challenges

- High inflation & increasing interest rates - mortgage carrying costs see sharp increase
- Fewer renters moving into homeownership, low vacancy rates
- Strong upward pressure on rents, especially at turnover
- Affordable housing projects stalling due to lack of funding

**CTV NEWS**  
VANCOUVER

VANCOUVER | NEWS

Canada's inflation rate slows, but grocery prices and mortgage interest costs rise

## Rental Market Report

January 2023 Edition

### PURPOSE BUILT RENTAL MARKET

Vacancy Rate

**0.9%**

Average Two-Bedroom Rent

**\$2,002**

UP by 5.7%

Canada



# Recent Announcements from Senior Governments

Provincial Budget includes with **\$4.2 billion for housing** initiatives, including:

- \$1.7 billion for Building BC programs
- \$1.5 billion for new and expanded responses to address homelessness and encampments
- \$588 million to increase supports to income and disability assistance



Federal Government announces **\$4 billion for the Housing Accelerator Fund**



# Challenges – Five Key Responses

1. Increasing the **right supply**
2. Creating **homes and supports** for people
3. Ensuring homes get **built**
4. **Faster**, more predictable **permitting**
5. Planning the **next big moves**





# Increasing the Right Supply

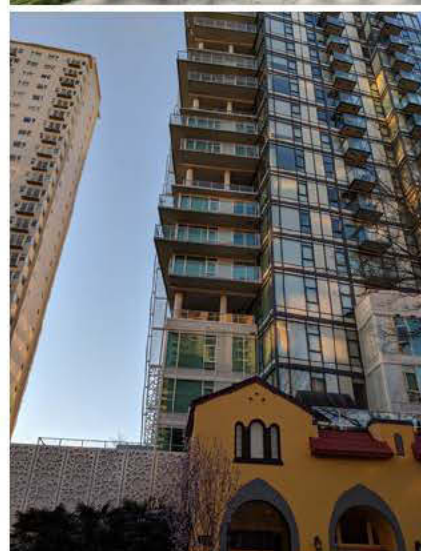
**Rupert Renfrew Area Plan –  
Q2 2024**

**Broadway Implementation –  
Ongoing**

**Jericho Lands Policy Statement –  
Q4 2023**

**Missing Middle Low Density  
Housing & Simplifying  
Regulations – Q4 2023**

**Vancouver Plan Implementation –  
2023 - 2024**





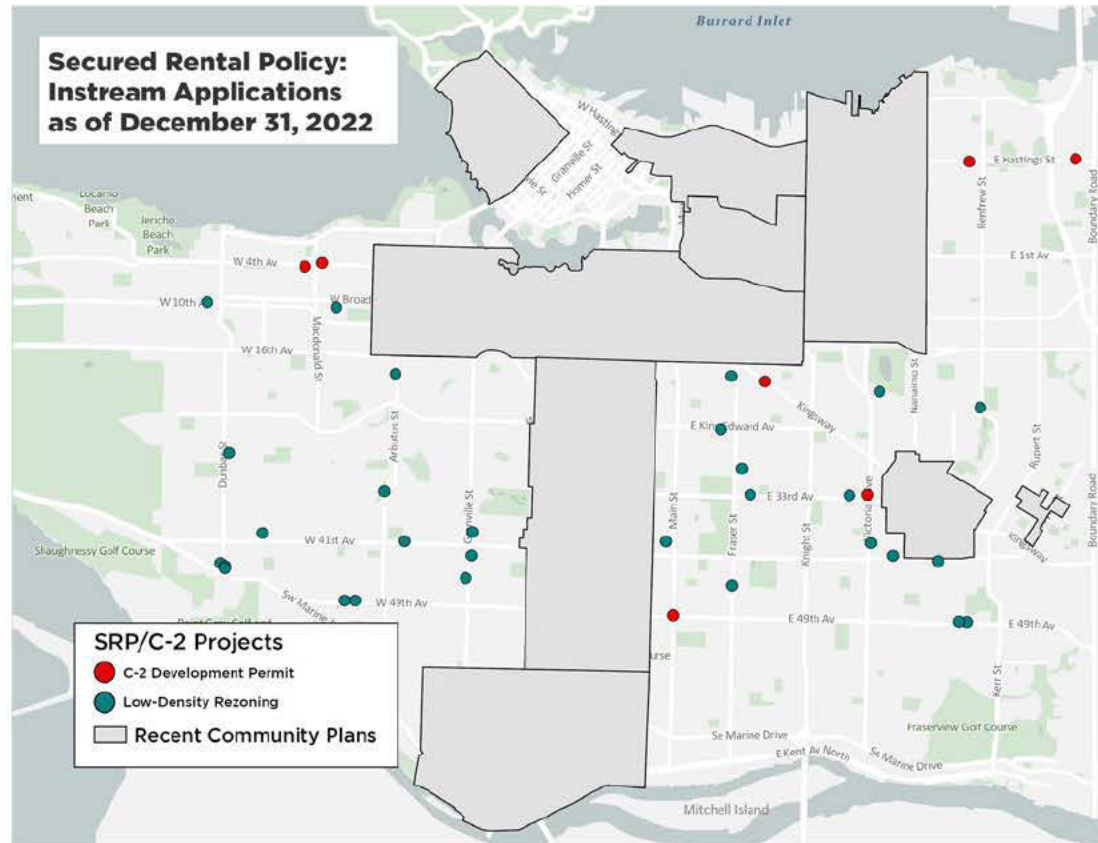
# Secured Rental Policy Example

The newly approved **Secured Rental Policy** creates new rental supply throughout the City, in proximity to commercial areas and transit, while limiting displacement of existing renters, streamlining the application process and creating new commercial space in neighbourhoods.

**38 applications** submitted in 2022:

- 350 units approved + 2,800 in application
- ~58,000 sq. ft. of net new commercial space

**And more to come!**



# Increasing the Right Supply Continued

## **Permanent Modular Supportive Housing & Rapid Housing Initiative – Ongoing**

### **City owned sites – 2023**

False Creek North 3 sites with > 650 units expected at Public Hearing in summer 2023, and ~200 units direct to DP Board

### **Community Housing Incentive Program (CHIP) – 2023**

Four grants for approval valued at ~\$20M and enabling ~500 units





# Creating Homes & Supports For People

**Seniors Housing Strategy – Q2 2024**

**Improving apartment living - Design Guidelines Update – Q2 2024**

**Enhance accessibility in City-owned inclusionary housing –** Implementing higher accessibility design standards and piloting requirements for Rick Hansen gold certification

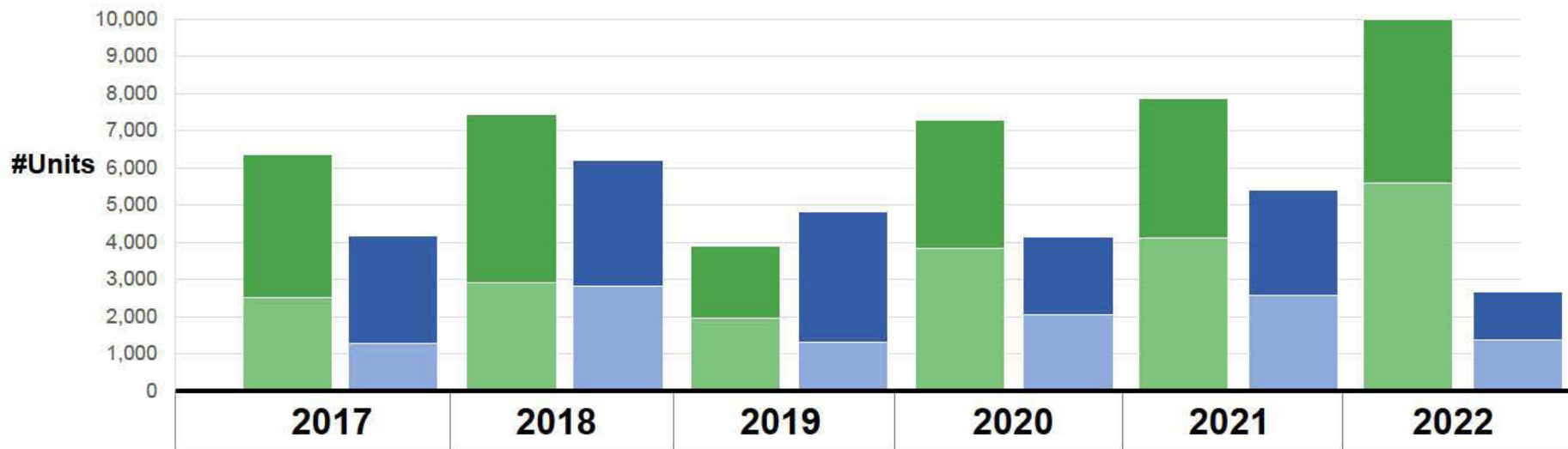
**SRO Investment Strategy Update – Q2 2024**



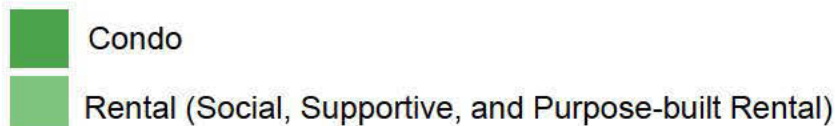


# Ensuring Homes Get Built

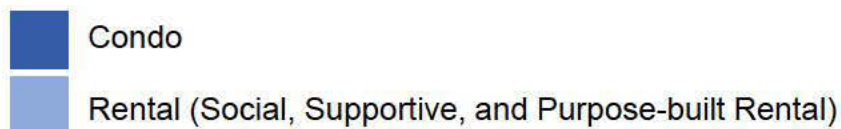
## Apartment Approvals and Completions in the last 6 Years



### Approvals<sup>1</sup>



### Completions<sup>2</sup>

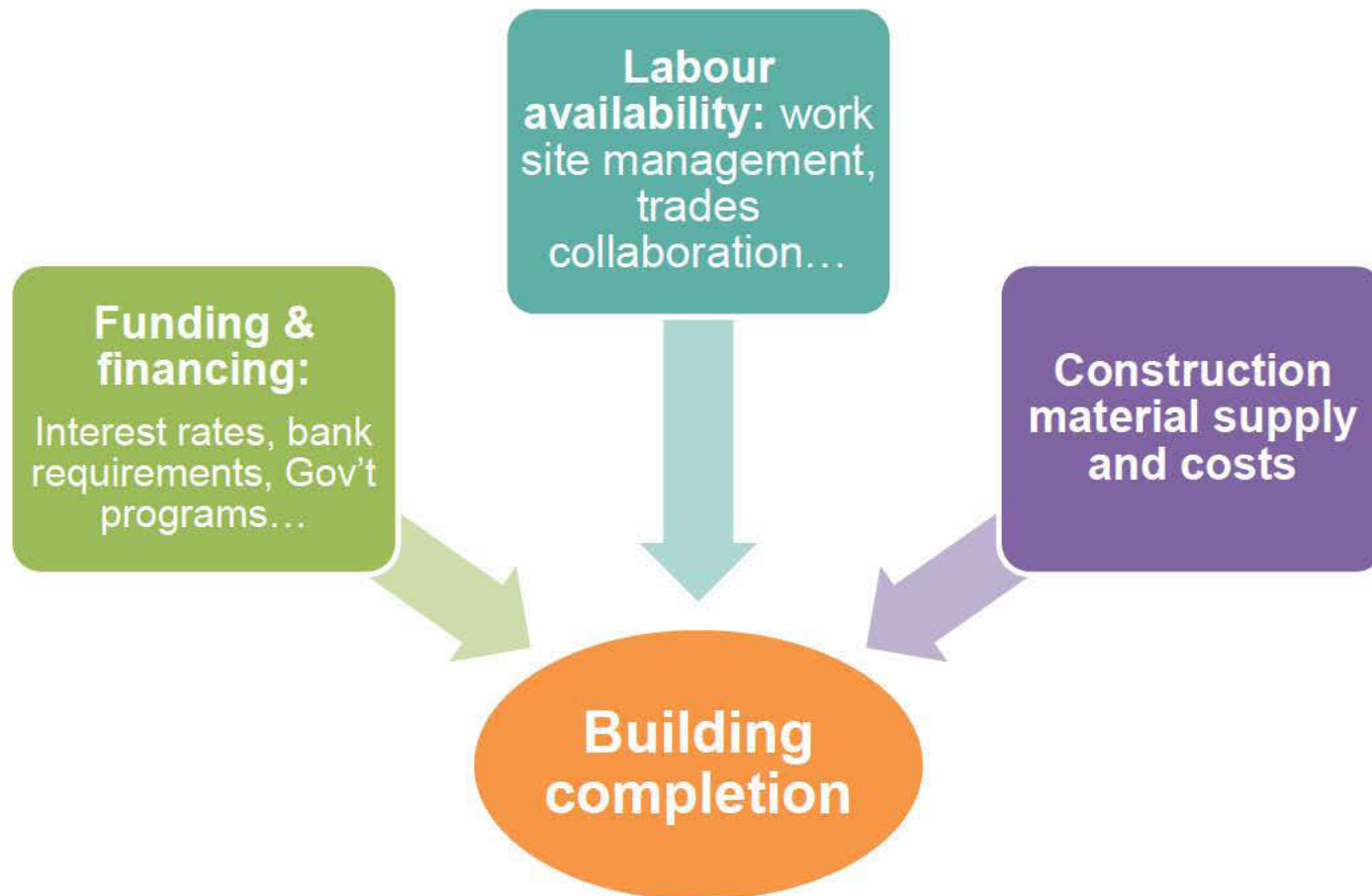


Over the last 6 years the City has approved just under **43,000** housing units compared to just under **28,000** housing units completed

1. Approvals sourced from City of Vancouver Public Hearings and Development Permits
2. Completions sourced from CMHC Starts and Completions Survey

# Ensuring Homes Get Built

**After municipal approvals, many factors may impact construction start and timeline**



# Ensuring Homes Get Built

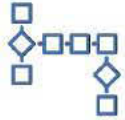
**Unsticking approved projects** in challenging market conditions:

- **Below-market Rental Optimization** to ensure moderate income rental projects can proceed – Q3 2023
- **Work with Provincial and Federal governments** on funding, financing and other approaches to move projects to construction
- **Finalize City's submission to the Housing Accelerator Fund**





# Faster, more predictable permitting



## **Process**

Streamline processes and eliminate unnecessary steps



## **Policy and Regulation**

Simplify and clarify existing policies



## **Governance**

Ensure issues are escalated to the right person(s) quickly to make a decision



## **Applications**

Develop tools to improve the quality of applications



## **External consultation**

Work collaboratively with applicants to identify and implement solutions



## **Work culture**

Shift internal culture to be customer centric and work collaboratively with applicants

# Planning the Next Big Moves

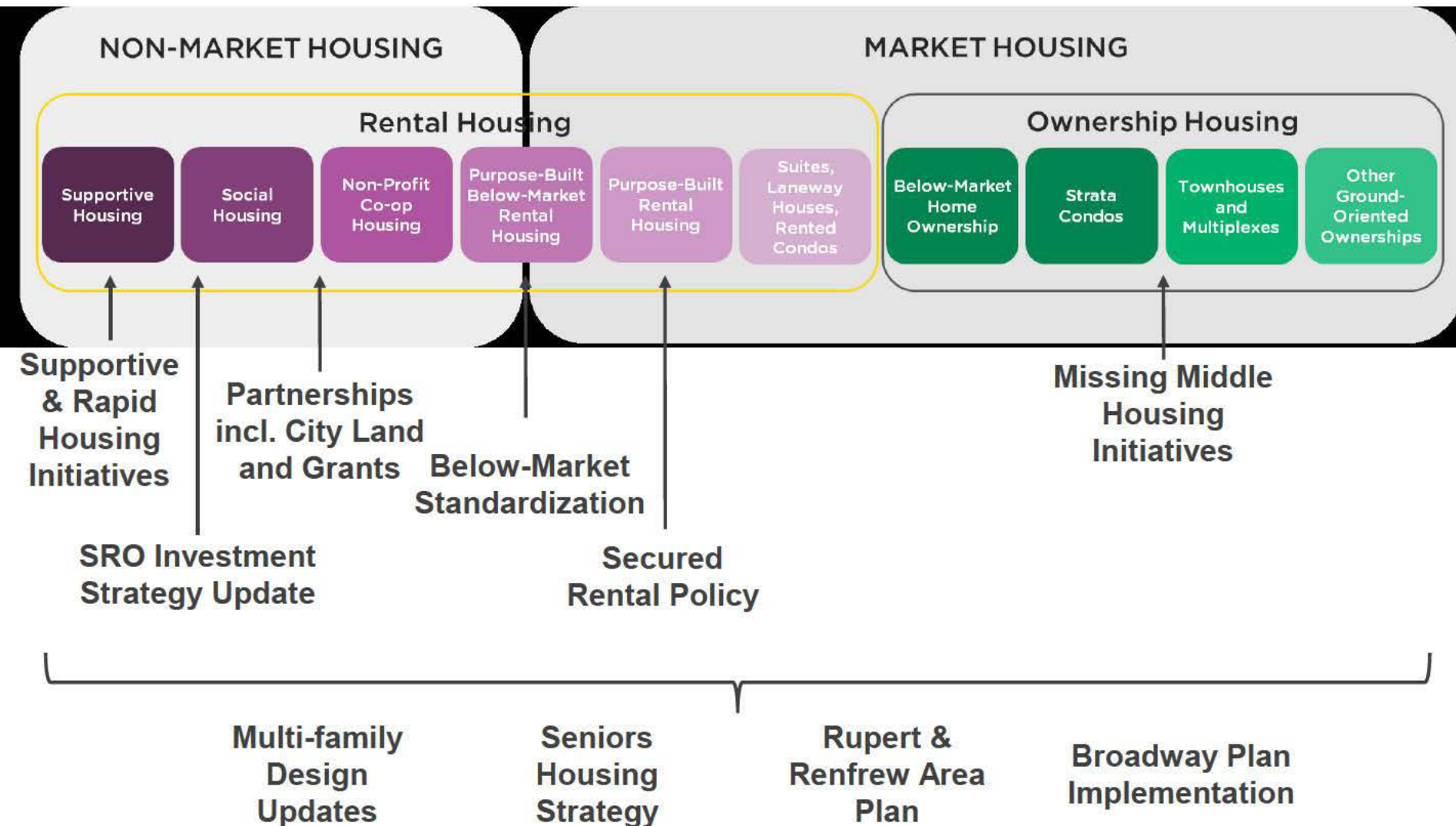
## Initiate New Housing Vancouver 3-Year Action Plan – 2023-2024

Includes updated Housing Needs and Targets, Advocacy Strategy, actions to advance UNDRIP and other short- and long-term actions to advance land-use changes.

Work to be informed by:

- Implementation of **Vancouver Plan**
- New **BC Housing Supply Act** requirements anticipated June
- New **2021 Census Data** custom data anticipated Fall 2023 and 2024

# Actions Happening Across the Continuum





# Progress Report & Actions Summary

1. Highest year of total housing approvals in several decades\*
2. More land-use changes and actions to come
3. Strong partnership opportunities with other levels of government



*\*Total approvals counted towards target excludes single-family dwellings, secondary suites, and duplexes*

## MEMORANDUM

May 1, 2023

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Maria Pontikis, Chief Communications Officer, CEC  
Rosemary Hagiwara, Acting City Clerk  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Acting Chief of Staff, Mayor's Office  
Trevor Ford, Director of Operations, Mayor's Office

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

SUBJECT: Vancouver Office Market Conditions – Q1 2023 (City-wide & Regional Planning - Economic Development Planning)

RTS #: N/A

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### Purpose and Overview:

Staff in PDS continue to monitor conditions in Vancouver's office market. This memo provides Council with an update on current conditions and long term outlook in Q1 2023.

### The Vancouver Office Market is currently in a Healthy Position

- Downtown Vancouver's office market is shifting from a record low vacancy of 1.4% in Q1 2020 to a healthier 8.4% in Q1 2023. Office vacancy downtown remains the lowest of North America's metro cores. Downtown Toronto's vacancy rate currently sits at 9.1%, San Francisco, Edmonton and Austin are at 20%, and Calgary is currently facing a 30% vacancy rate.
- The notable increase in current supply and vacancy rates follows the completion of significant office developments, rising interest rates and a more-defined work-from-home culture.
- Between Q1 2020 (record low vacancy rate) and Q1 2023, 2,446,975 ft<sup>2</sup> (7%) of the current office supply (33.8 million ft<sup>2</sup>) was added. Recent office developments include The Stack at 1133 Melville Street (532,000 ft<sup>2</sup>), and Bentall 6 at 1090 W Pender Street (534,000 ft<sup>2</sup>).

- The net absorption of occupied office supply for Q1 2023 was approximately +399,808, indicating that there was 399,808 square feet more office occupied in Q1 2023 than Q4 2022. The significant supply added in the central business district demonstrates continued demand for office space in the area and the need to continue to reserve development sites for office construction.
- The Central Business District (CBD) represents only 13% of the downtown peninsula, a very small portion where land use policy restricts residential development and stand-alone office continues to be viable.
- Office rental rates in Downtown Vancouver have increased slightly since the start of the pandemic (\$39.91 / ft<sup>2</sup> in Q1 2023 vs. \$36.75 / ft<sup>2</sup> in Q1 2020 (+9%)). Office rents in Vancouver are competitive compared to other major technology hub cities in North America.
- There is currently about 3 million ft<sup>2</sup> of office space under construction in Downtown Vancouver and there is over 8.7 million sq. ft. of job space in active rezoning enquiries and applications City wide.
- Staff expect applications for new office space to continue as development and design firms look to maintain a pipeline of projects through the City review process. However, in the current high cost and interest rate environment, recently approved projects may take longer to proceed to construction.

### **The Demand for Office Space in Vancouver is expected to Continue over the Long Term**

- As hybrid work gains traction, a complete return to traditional in-office working arrangements is unlikely. However, when taking into account all industries, 91% of the workforce expects to be working on-site (at their place of work) in some capacity during Q2 of 2023.
- There is growing demand for modern office spaces constructed after 2015. These offices typically offer enhanced space and amenities, including outdoor access, communal meeting rooms, child care facilities, gym space, end-of-trip cycling amenities, and conveniences such as on-site parking and electric vehicle charging stations. In Vancouver, these types of buildings are mostly located in the downtown core.
- The technology industry in Vancouver has been experiencing significant growth in recent years and is poised to continue this trajectory. The tech sector currently represents 30% of current leasing demand. Technology employers in Vancouver enjoy high labour productivity, comparatively lower salary costs and commercial rental rates, a strong talent pool due to the region's tech education system, and diversity in the industry because of Canada's relatively open immigration system.



Theresa O'Donnell  
General Manager, Planning, Urban Design and Sustainability  
604.673.8434 | [theresa.o'donnell@vancouver.ca](mailto:theresa.o'donnell@vancouver.ca)



**APPENDIX: Vancouver's Office Market in Detail**  
*Historical Data, Current State and Outlook*

**Contents:**

Downtown Vancouver Vacancy Rate ..... 1

Downtown Vancouver Availability Rate ..... 2

Vancouver Development Pipeline ..... 3

Hybrid Work Patterns ..... 4

Vancouver's Thriving Tech Industry: A Hub of Talent and Innovation ..... 6

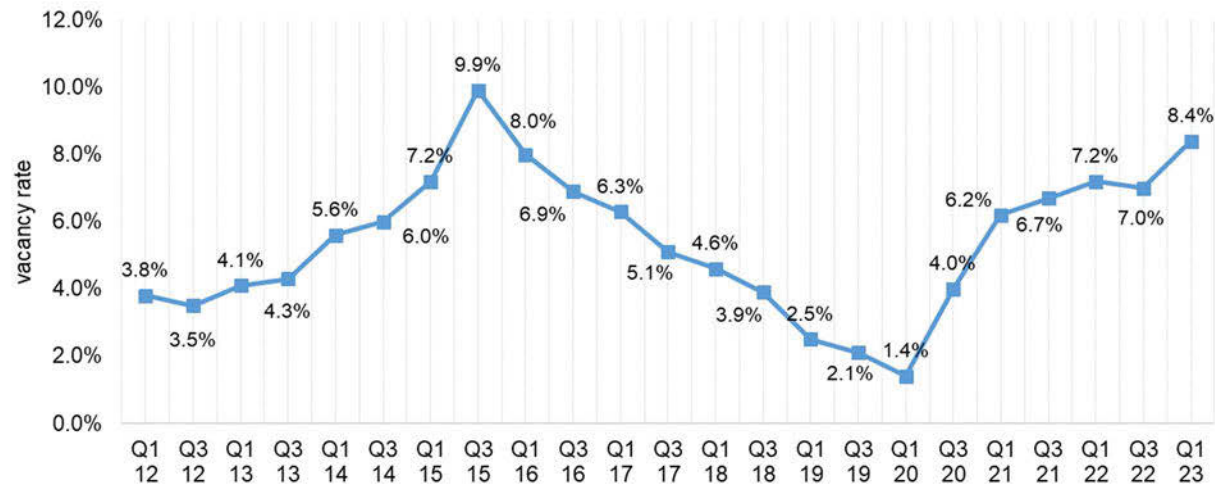
Comparison of Office Rents..... 7

Notes..... 7

**Downtown Vancouver Vacancy Rate**

The Q1 2023 Downtown Vancouver office vacancy rate of 8.4% marked no change from Q4 2022. Year over year, the Downtown Vancouver vacancy rate is up 1.2% compared to the Q1 2022 vacancy rate of 7.2% and up 2.2% compared to the Q1 2021 vacancy rate of 6.2%. The vacancy rate is still below the peak observed of 9.9% observed in 2015 (see Figure 1).

Figure 1: Downtown Vancouver Office Vacancy Rate (Q1 2012 – Q1 2023)

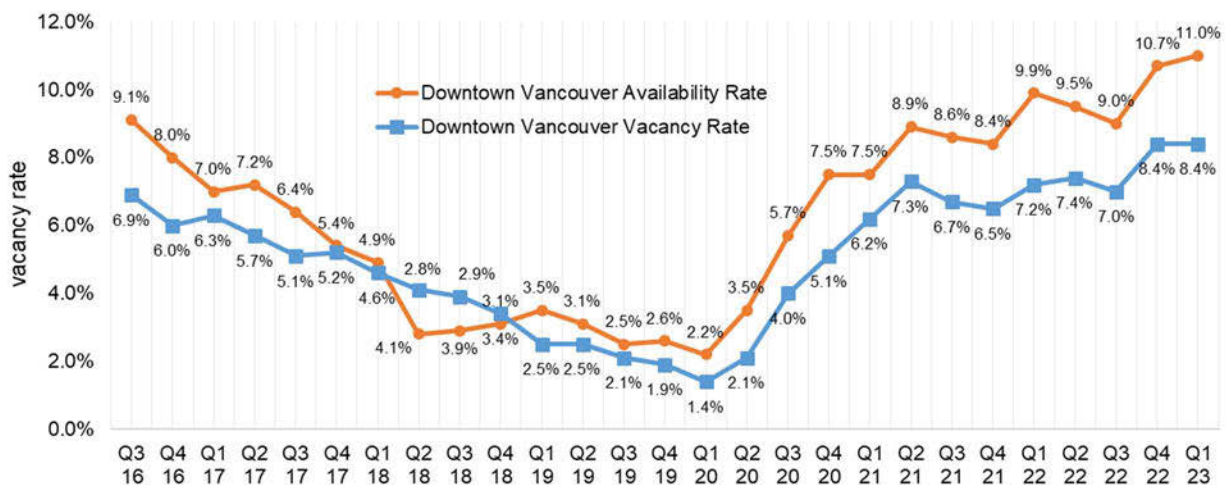


Source: Colliers International

## Downtown Vancouver Availability Rate

Unlike the vacancy rate which only measures the amount of space that is vacant and available for lease, the office availability rate also includes occupied space that is available as a sub-lease from the current tenant. Given recent interest by some tenants in sub-leasing their space, the downtown Vancouver availability rate has increased recently to 11.0% in Q1 2023. This is slightly higher than what has been the norm in previous office market construction cycles (see Figure 2). It is expected that both vacancy and availability will remain elevated for some time as new projects complete and office tenants right size their space needs. It is expected that demand for newer, flexible and healthier space will continue while older buildings will need to renovate to attract and retain tenants.

Figure 2: Downtown Vancouver Office Availability Rate and Vacancy Rate



Source: Colliers International

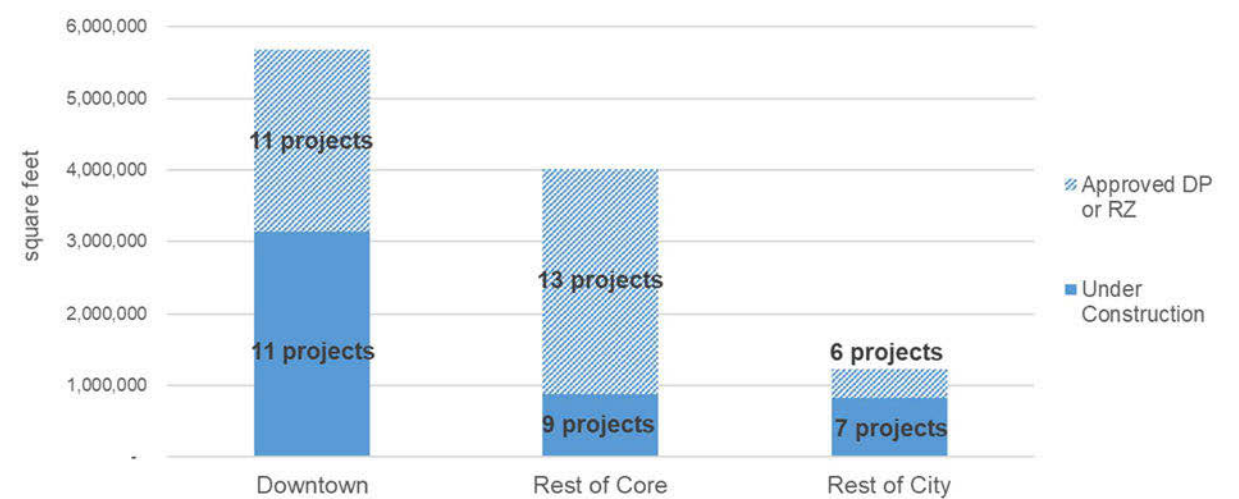
Local experts are advising that overall demand remains high relative to other cities. Although rates have been slowly but steadily rising since 2020, office vacancy in downtown Vancouver remains the lowest of North America's metro cores in 2022. For example, downtown Toronto's vacancy rate currently sits at 9.1%, San Francisco, Edmonton and Austin are at 20%, and Calgary is currently facing a 30% vacancy rate.

**Vancouver Development Pipeline**

Vancouver is approaching the end of its most recent office development cycle, which resulted in an increase in overall vacancy as substantial new downtown space was delivered vacant in 2022<sup>1</sup>. Between Q1 2020 (record low vacancy rate) and Q1 2023, 2,446,975 square feet or 7% of the current office supply (33.8 million square feet) was added. In the last decade, 9,442,064 square feet of new office space has been added to the supply downtown accounting for 28% of the total supply.

At the end of 2022, the City’s development pipeline tracking shows that most major office development is still concentrated in the Downtown core as presented in Figure 3 below.

*Figure 3: Major Office Developments Under Construction, or with Approved Development Permit or Rezoning Applications*



Major office developments are those that add at least 20,000 ft<sup>2</sup> of office space  
Source: City of Vancouver development tracking, Costar and BC Assessment Data 2020. Extracted December 2022

The central business district (red-shaded area below) represents just 13% of the downtown land area. City policy restricts the ability to develop residential in this relatively small area, ensuring the economic viability of stand alone office and hotel projects.



<sup>1</sup> The term, “delivered vacant” refers to space in newly completed buildings that has not yet been leased.

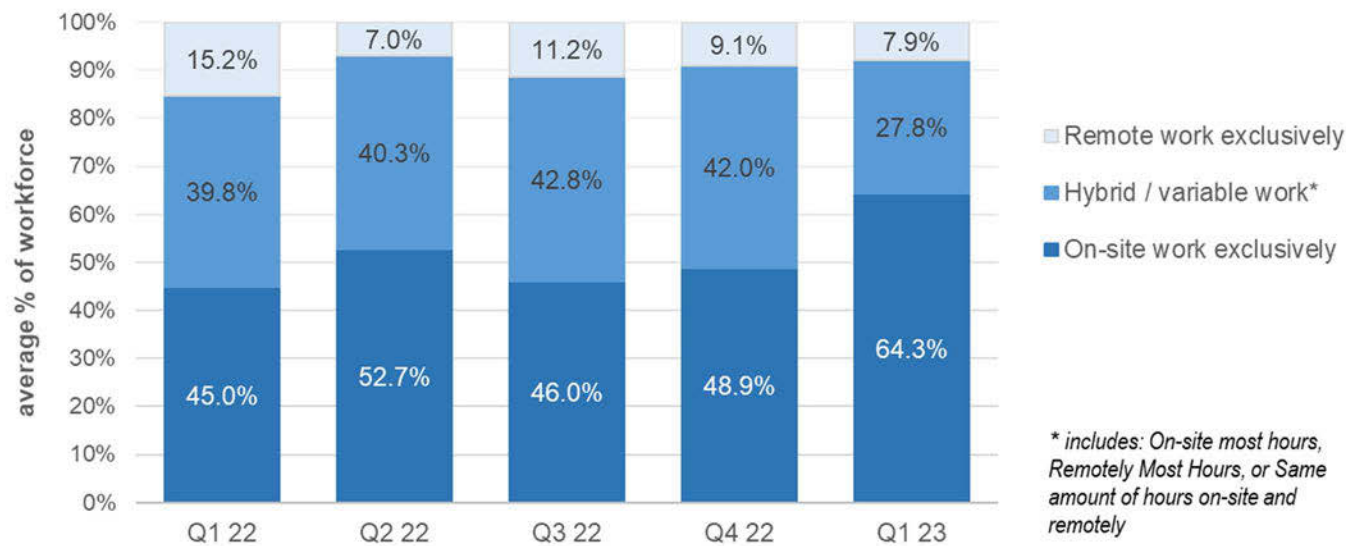


Hybrid Work Patterns

While the push for a complete return to traditional office spaces has been limited, it is worth noting that the concept of hybrid work is gaining traction as the preferred working arrangement, which involves a combination of in-person and remote work. This new approach allows employees the flexibility to work from home while still having the opportunity to come into the office for a portion of their workweek.

According to Statistics Canada, at the end of 2022 only 9% of the average percentage of the workforce anticipated to work remotely exclusively in the next quarter, while 91% anticipated to work on-site in some capacity, when taking into account all industries. Further, recently published data shows that in Q1 of 2023, the average percentage of the workforce anticipated to work on-site exclusively increased by almost 16% (see Figure 4). Approximately 92.1% of the workforce still anticipate to be working on-site in some capacity during Q2 of 2023.

Figure 4: Average % of Workforce (All Industries) Anticipated to Work On-Site or Remotely Over the Next 3 Months (Q1 2022 – Q1 2023)



Source: Statistics Canada, Canadian Survey on Business Conditions

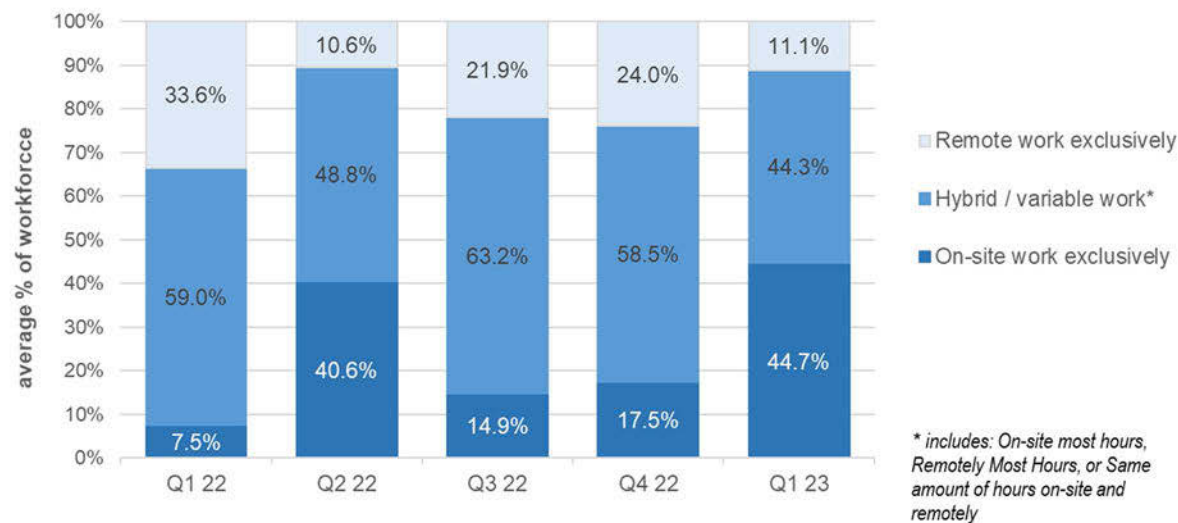
It is important to note that this analysis uses data from Statistics Canada which takes into account [all industries](#), some of which may not be able to conduct their work remotely. When observing the Q1 2023 data from the Professional, Scientific and Technical<sup>2</sup> sector only, approximately 89% of the workforce still anticipates to be working on-site in some capacity in Q2 of 2023, up 13% from Q4 of 2022 (See Figure 5).<sup>3</sup> This further reinforces the need for office space in downtown Vancouver.

In addition, government of Canada immigration policy is expected to result in increased immigration levels over the coming years. Many of these new workers will be employed in the Professional, Scientific and Technical sector, further strengthening the demand for office space over the long term.

<sup>2</sup> The Professional, Scientific, and Technical Services sector offers specialized expertise and training for clients across industries and households. Activities include legal advice, accounting, engineering, computer services, consulting, research, advertising, photography, translation, veterinary, and other professional and technical services.

<sup>3</sup> Due to the unreliable nature of available data on a sector basis, from other industries, further information is not being presented at this time, but will continue to be monitored by PDS as more data becomes available.

Figure 5: Average % of Workforce (Professional, Scientific and Technical Sector) Anticipated to Work On-Site or Remotely Over the Next 3 Months (Q1 2022 – Q1 2023)



Source: Statistics Canada, Canadian Survey on Business Conditions

Additionally, there has been a growing demand for modern office spaces constructed after 2015. Today, employees are not only seeking a comfortable work environment, but also outdoor access, communal meeting rooms, gym facilities, access to pet and child care facilities, end-of-trip amenities, and conveniences such as on-site parking and electric vehicle charging stations. In order to incentivize workers to return to the office and enhance employee retention, employers are also incorporating more service-oriented amenities, such as on-site dog daycare and grooming, bike repair services, and spaces that facilitate socializing and community building. Moreover, older office buildings will need to compete with newer developments in order to attract and retain tenants.

***Vancouver's Thriving Tech Industry: A Hub of Talent and Innovation***

The technology industry in Vancouver has been experiencing significant growth in recent years and is poised to continue its upward trajectory. In 2022, Vancouver became North America's fastest-growing tech market after ranking third behind Toronto and Seattle in 2021. Additionally, Vancouver added more tech jobs than it did tech degrees between 2017 and 2021. This means that not only is Vancouver producing top tech talent through University education, but Vancouver tech firms are drawing talent from elsewhere.

Technology Employers in Vancouver enjoy high labour productivity and comparatively low operating costs. Vancouver ranks fifth lowest out of the top 30 tech markets in one-year operating costs. This competitive advantage for Vancouver is due in part to the Canada/ U.S exchange rate which results in Canadian tech workers having lower average wages compared to US markets.

Vancouver also boasts a strong talent pool, thanks in part to the region's robust tech education system. This has allowed the city to attract and produce some of the top tech talent in the industry, making it a prime destination for companies seeking skilled workers.

Furthermore, Vancouver has taken proactive steps to promote diversity and inclusivity in the tech industry by expanding tech programs to underrepresented groups and providing training opportunities. The city's open immigration policy has also contributed to a diverse talent pool, further solidifying Vancouver's position as a top tech hub.

As a result of these factors, many large tech companies have established a presence in Vancouver, and the city is expected to remain a key player in the global technology industry for years to come. Moreover, prominent technology companies are continually drawn to Downtown Vancouver, bolstering the city's already robust technology industry. The recent leasing of The Post by Amazon and Microsoft's construction of a 20-storey office center in Bentall 6 are clear indications of Downtown Vancouver's attractiveness for both general office and tech tenants.



## Comparison of Office Rents

### Office Rents in Vancouver are Competitive Compared to Other Technology Hub Cities

A 2021 analysis prepared by CBRE found that office rents in Seattle were about 4% higher than Vancouver. Compared to San Francisco, rents in Vancouver are about 70% lower. Vancouver can help reduce upward pressure on rents by ensuring that supply can continue to meet demand over the long term.

Annual Gross Direct Asking Rent Per Square Foot (US \$) – Q4 2021

Metro Area	Gross Rent	Comparison to Vancouver
San Francisco Bay Area	\$69.42	+ 70%
Seattle	\$42.59	+ 4%
Vancouver	\$41.05	--
Toronto	\$35.76	- 13%

Source: CBRE. Scoring Tech Talent 2022.

### Office Rents in Downtown Vancouver have Increased Slightly since the Start of the Pandemic

Office rental rates in Downtown Vancouver have increased slightly since the start of the pandemic (\$39.91 / ft<sup>2</sup> in Q1 2023 vs. \$36.75 / ft<sup>2</sup> in Q1 2020 (+9%))

Net Asking Rent in Downtown Vancouver Office Space

	Net Rent
Q1 2020	\$36.75
Q1 2021	\$32.26
Q1 2022	\$39.42
Q1 2023	\$39.91

Source: Colliers International

## Notes

- 1) Buildings with less than 10,000 ft<sup>2</sup> of office space and buildings owned and occupied by the government have not been included in the office inventory.
- 2) The Vacancy Rate is the amount of vacant space divided by the existing building inventory. Vacant space is physically unoccupied, and it includes both headlease and sublease space.
- 3) The Availability Rate is the amount of available space divided by the building inventory base. Available space is space that is available for lease and can be occupied, vacant or unknown.
- 4) Absorption is the difference in occupied space from quarter to quarter or year-over-year.