

From: **"Mochrie, Paul" <Paul.Mochrie@vancouver.ca>**
To: **"Direct to Mayor and Council - DL"**
Date: 6/14/2023 10:18:05 AM
Subject: Memo - 2023 Storefront Inventory
Attachments: Memo to Mayor & Council - Memo - 2023 Storefront Inventory.pdf
2023 Storefront Report Spring.pdf

Dear Mayor and Council,

The attached memo from Theresa O'Donnell provides results from the annual Storefronts Inventory performed in March 2023. Attached to the memo is 2023 Storefronts Report with more details.

Should you have any questions, please contact Theresa O'Donnell (Theresa.o'donnell@vancouver.ca) or Chris Robertson (chris.robertson@vancouver.ca).

Best,
Paul

Paul Mochrie (he/him)
City Manager
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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x^wməθk^wəyəm (Musqueam), Skwxwú7mesh (Squamish), and səlilwətał (Tsleil-Waututh) Nations.

MEMORANDUM

June 13, 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, Director of Policy, Mayor's Office
Trevor Ford, Interim Chief of Staff, Mayor's Office
Sandra Singh, General Manager Community Services, ACCS
Eleena Marley, CEO, Vancouver Economic Commission

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

SUBJECT: Memo - 2023 Storefront Inventory

RTS #: N/A

Purpose of the memo

This memo summarizes the key findings of the 2023 Vancouver Storefront Inventory. Additional details can be found in the 2023 Storefront Report (Appendix A). As with the [2022 Storefront Report](#), this report will be augmented in the fall with more detailed analysis of the City's 22 Business Improvement Areas (BIAs).

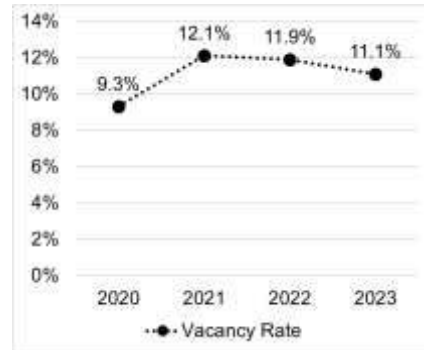
Background on the Vancouver Storefront Inventory

City of Vancouver staff perform an annual survey of Vancouver storefronts each March to collect a snapshot of current conditions in the city's retail districts and smaller clusters of shops. The survey involves a visual inspection of ground floor commercial retail units supported by online and business license research. The survey started in 2020 and this year included roughly 9000 storefront sites.

The survey collects data on vacancy status, business type, and whether the business occupying each commercial retail unit is a chain or independent operator. Staff use the survey data to calculate turnover, business type distribution, ratio of independent vs. chain businesses, and vacancy rate.

Findings from 2023 – details in Storefront Report (Appendix A)

- While not at pre-pandemic levels, the city-wide vacancy rate dropped in 2023 to 11.1% from 11.9% in 2022¹, continuing a positive downward trend from the peak vacancy in spring 2021. Vacancy rates dropped in 16 of the 22 BIAs.
- However, vacancy rates increased in three BIAs that have been struggling with high-vacancy rates for several years: Chinatown (20.1%), Strathcona (22.0%) and Hastings Crossing (30.1%)
- Of the 970 vacancies, 295 (about one-quarter) have been persistently vacant since spring 2020², resulting in a persistent vacancy rate of 3.4%.
- Business openings and closings were generally balanced across retail categories, a change from the early pandemic years that saw disproportionately high openings of businesses dealing in convenience goods and closings of businesses dealing in comparison goods.
- Independent businesses account for 77% of all occupied storefronts with chain stores accounting for the remaining 23%³. This ratio is unchanged since spring 2022.



These statistics indicate the potential reversal of some general trends in retail vacancy and mix from earlier in the pandemic. They also point to an uneven recovery with retail districts in DTES neighbourhoods continuing to struggle. The City has taken several recent actions to support storefront occupancy, including: reduced regulatory requirements for changing use; the creation of multilingual resources to help business relocate into a new space; and direct support to improve conditions in retail districts (Graffiti Abatement Grants to BIAs and the Uplifting Chinatown Action Plan). Longer-term, residential and employment density increases coming from the Vancouver Plan and Broadway Plan will further improve conditions for business. The fall update to this report will also provide more insight into different types vacancies, allowing for more targeted responses where suitable.

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

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

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¹ The storefront vacancy rate in Vancouver is still considered to be “unhealthy”. In general, a vacancy rate between 5% and 7% is considered to represent a “healthy” balance between supply and demand, allowing space for turnover, expansion and growth of storefront businesses.

² Local experts advise that long-term/ persistent storefront vacancy (e.g. unoccupied for several years in a row) can be the result of a variety of factors such as building condition and upgrade requirements and weak market demand. In some cases, landlords may have legal contracts with lenders that prevent them from lowering rents to match market demand. Staff are undertaking further work to better understand this issue.

³ An independent store represents a business with less than four locations, per [Statistics Canada](#) definition.

A woman wearing a denim jacket, a black beanie, and glasses is looking at a book she is holding. She has a large black and tan tote bag slung over her shoulder. She is standing next to a red cart filled with various books, some in woven baskets. The background shows a city street with other pedestrians and buildings.

City of Vancouver Storefronts Report

June 2023

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for double-sided printing*

Land Acknowledgment

City Staff acknowledge that this work occurs on the traditional unceded territories of the x^wməθk^wəyəm (Musqueam), Sk̓wx̓wú7mesh (Squamish) and sə́ ilwətaʔt (Tsleil-Waututh) peoples.

City Storefronts Inventory

City of Vancouver staff perform an annual survey of Vancouver storefronts each March to collect a snapshot of the current conditions in the city's local shopping areas. The survey involves a visual inspection of ground floor commercial retail units along retail high streets and smaller retail clusters (see Section 2 for details on methodology and definitions).

The inventory started in 2020 building off of work conducted as part of the [Retail-Commercial District Small Business Study](#) in 2019. The Study analyzed drivers of change over a 10-year period in six pilot BIA shopping areas, and included recommendations to monitor storefront uses city-wide on an ongoing basis.

At the onset of the COVID-19 pandemic in March 2020, the City's Economic Development Planning Team rapidly scaled-up planned survey work, commencing field work for what became the first annual Retail Inventory covering most of the city's retail districts (e.g., BIAs and other shopping streets like Kingsway) and smaller shopping clusters. Undertaken through the spring and summer of 2020, the inventory provided an early-pandemic baseline for vacancy rates and business change in a majority of BIAs. After expanding the survey area each year, the inventory now includes nearly 9,000 storefronts across the city.

The survey provides data on the occupancy in each commercial retail unit, including type of business or vacancy status. Staff use the survey data to calculate turnover, mix of businesses, ratio of independent businesses, and vacancy rate.

In addition to providing a window into the health of the City's retail areas, the Inventory provides fundamental information to support policy and programming decisions.

The City has taken several recent actions to support storefront occupancy, including: reduced regulatory requirements for changing use; the creation of multilingual resources to help business relocate into a new space; and direct support to improve conditions in retail districts (Graffiti Abatement Grants to BIAs and the Uplifting Chinatown Action Plan). Longer-term, residential and employment density increases coming from the Vancouver Plan and Broadway Plan will further improve conditions for business. The fall update to this report will also provide more insight into different types vacancies, allowing for more targeted responses where suitable.

What's in the annual Storefronts Report?

- Phase 1 Report on citywide trends (released in spring of each year)
 - Vacancy, business mix and turnover
- Phase 2 Report on area specific details (released in fall of each year)
 - Detailed analysis of Vancouver's 22 Business Improvement Areas, including data on spending and visitation in each area.

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OPEN



City Storefronts

KEY STATS



9,000+ storefront sites surveyed



11.1% vacancy city-wide

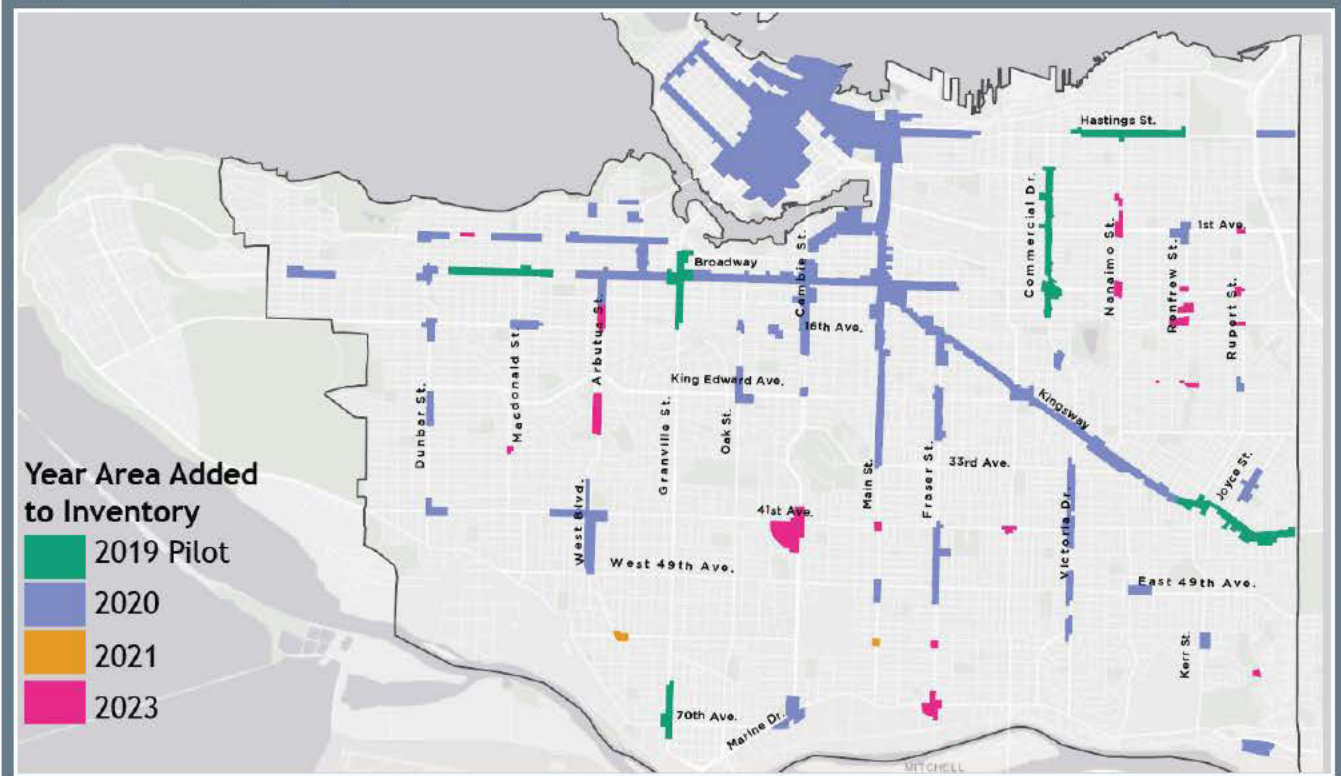


-0.8% decrease in vacancy

2023 Inventory

City of Vancouver staff perform an annual survey of Vancouver storefronts each March to collect a snapshot of the current conditions in the city's local shopping areas. The survey involves a visual inspection of ground floor commercial retail units along retail high streets and smaller retail clusters. The survey started in 2020 and this year included roughly 9000 storefront sites¹.

Figure 1: Inventory Survey Areas



¹The total number of storefront sites included will continue to vary from year to year as new storefronts are added, existing ones merge or split, and new retail space is developed.

Storefront Vacancy

The 2023 Inventory shows that storefront vacancy in the city has trended down to 11.1% compared to 11.9% in 2022 and 12.1% in 2021 (Figure 2). The current city-wide storefront vacancy rate remains approximately 2% above the 9.3% recorded at the start of the pandemic, a rate already outside a healthy range of 5-7%.

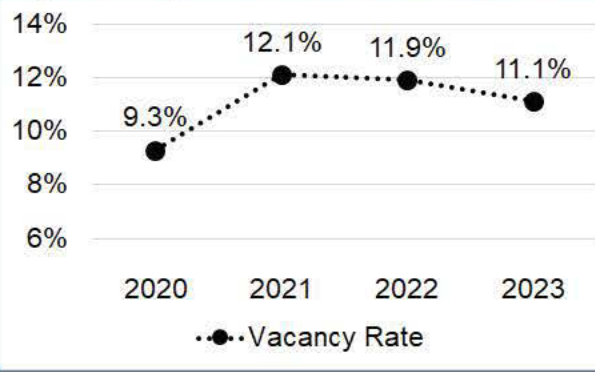
Figure 3 shows the city-wide vacancy by area for spring 2023. The DTES and Kingsway areas continue to struggle with high vacancy.

DEFINITIONS

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

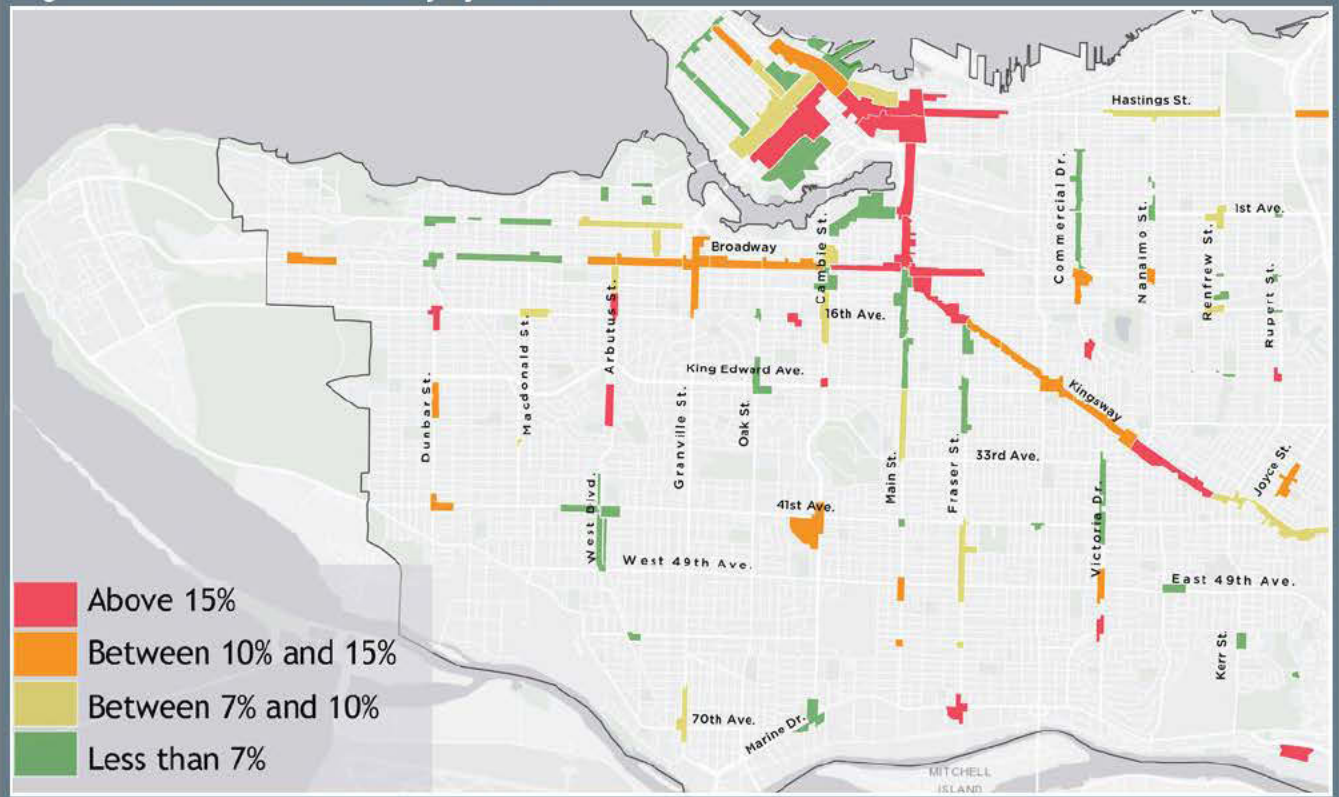
“Storefront vacancy” refers to any storefront that is unoccupied, regardless of lease status or permitting status during the annual field survey.

Figure 2: City-wide Storefront Vacancy Rate



City of Vancouver Storefronts Inventory

Figure 3: 2023 Storefront Vacancy by Area



City of Vancouver Storefronts Inventory



Change in Vacancy

The local shopping areas covered by the City's 22 BIAs reveal a range of experience with storefront vacancy. Overall storefront vacancy in BIAs is moving towards healthy vacancy. Of the 22 BIAs, 16 saw a decrease in vacancy (Figure 4).

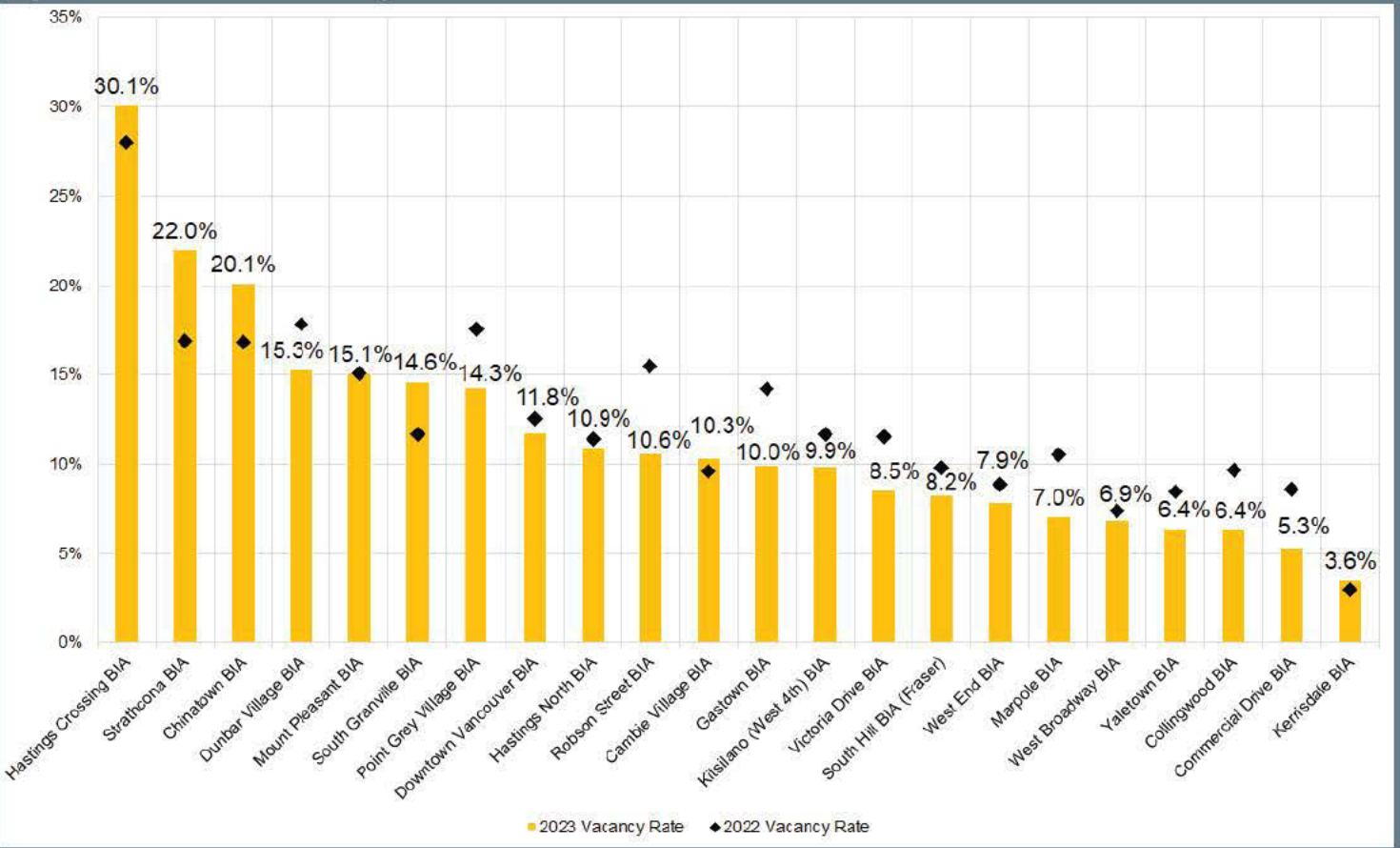
However, vacancy rates increased in three DTES BIAs that have been struggling with high-vacancy rates for several years: Chinatown BIA (+3.4% to 20.1%) Hastings Crossing BIA (+2.2% to 30.1%), and Strathcona BIA (+5.5% to 22.0%).

DEFINITIONS

“Healthy vacancy” refers to target range of 5-7%. Over 10% vacancy is considered unhealthy.

See Section 2: Methodology and Assumptions for full details.

Figure 4: BIA Storefront Vacancy Rates 2022-2023



See page 13 for a map of Vancouver's BIAs

City of Vancouver Storefronts Inventory

Persistent Vacancy

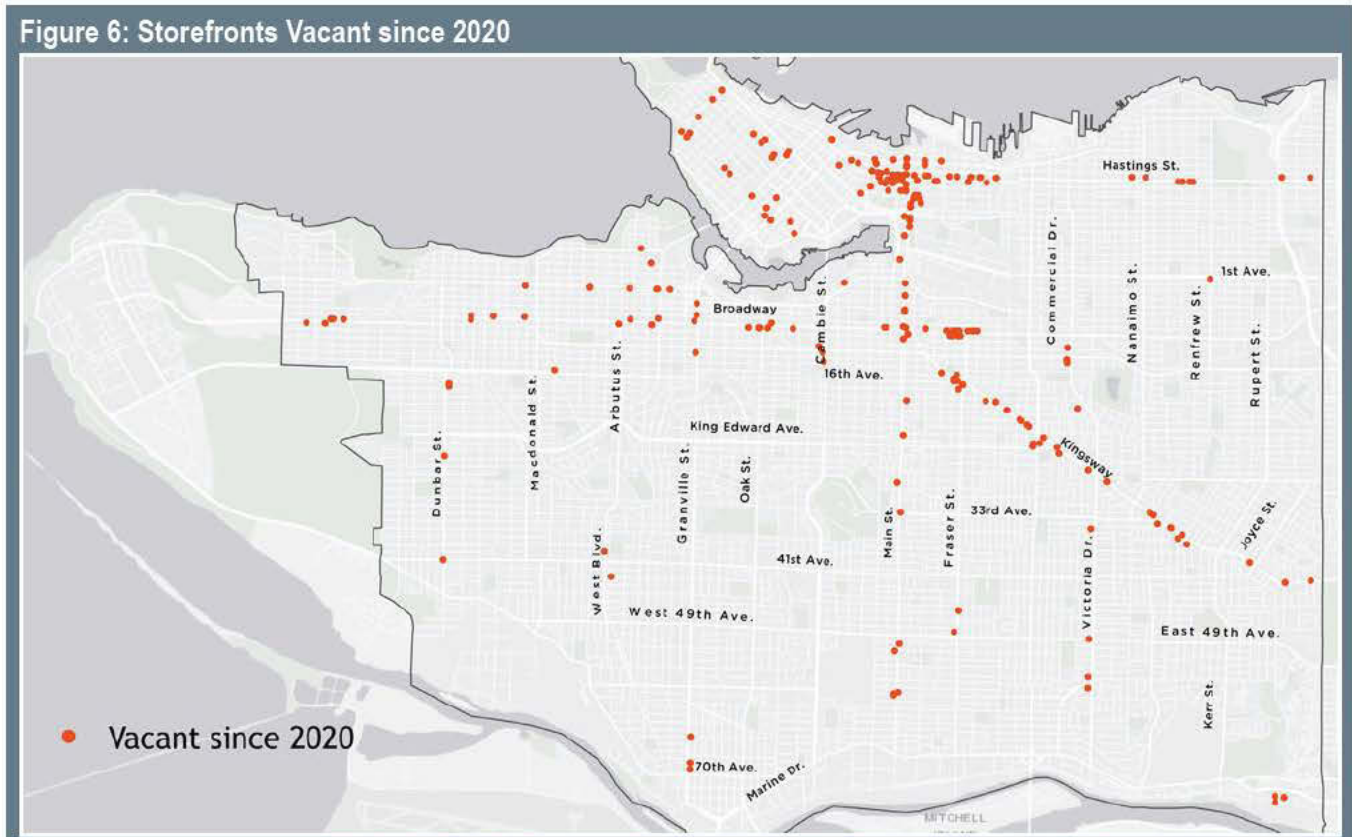
With four cycles of data from the storefront inventory, analysis can separate out temporary vacancies that occur as part of regular storefront turnover from vacancies that have persisted for many years. Of the 970 vacant storefronts in 2023, 295 (3.4% of all storefronts) have been persistently vacant since data collection began in 2020.

Figure 5 lists the areas with the highest count of persistent vacancies. Figure 6 shows the distribution of these longer-term vacancies city-wide. Mount Pleasant BIA has the highest number (30), and they are concentrated on east Broadway near Fraser Street. Three DTES BIAs have the next the highest concentrations of persistent vacancies with 64 located across the Hastings Crossing, Strathcona, and Chinatown BIAs.



See page 13 for a map of Vancouver's BIAs

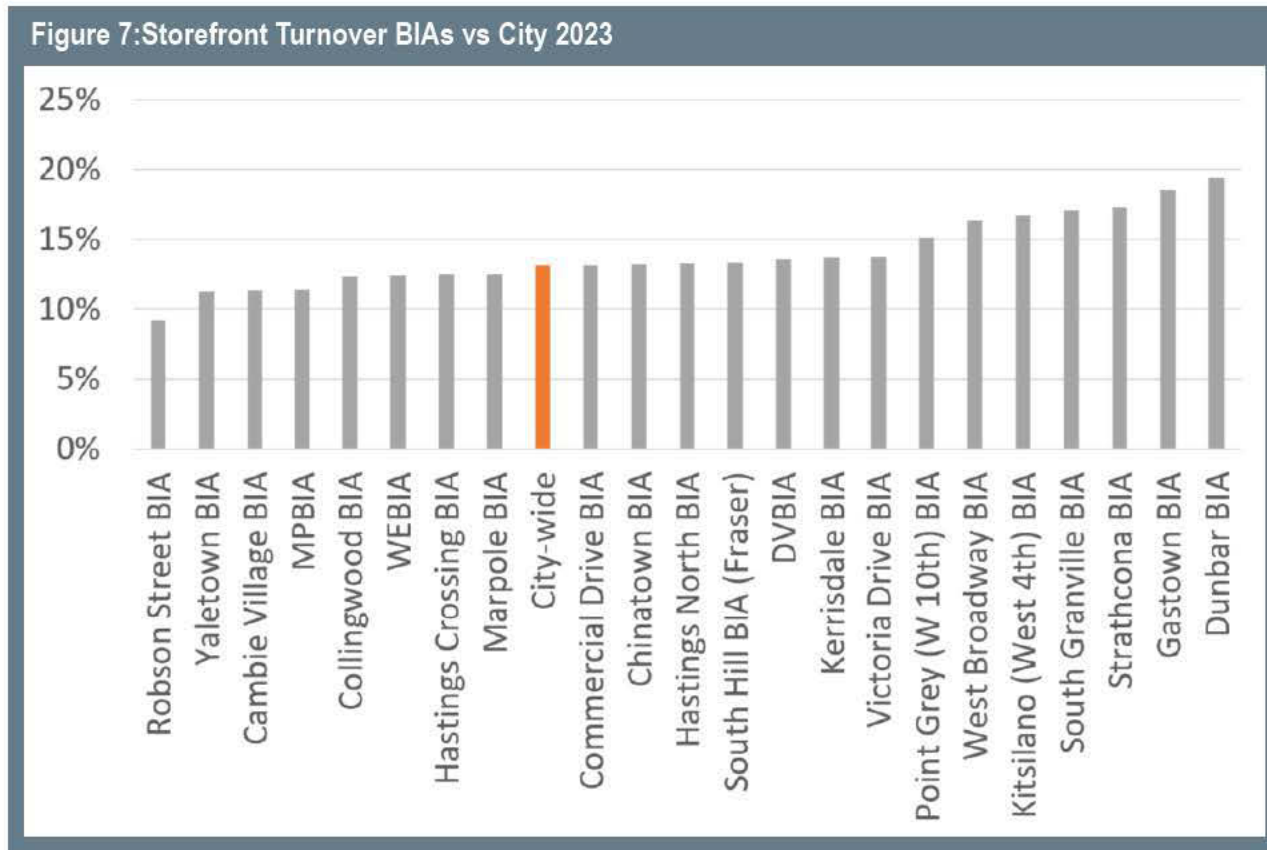
City of Vancouver Storefronts Inventory



City of Vancouver Storefronts Inventory

Storefront Turnover

“Turnover” measures change in the activity within a storefront, including change in business occupant, new openings, and new vacancies. City-wide storefront turnover between 2022 and 2023 has a rate of 13.1%. Turnover ranges from 9.2% to 19.4% of storefronts across the city’s BIAs (Figure 7).



See page 13 for a map of Vancouver’s BIAs

City of Vancouver Storefronts Inventory

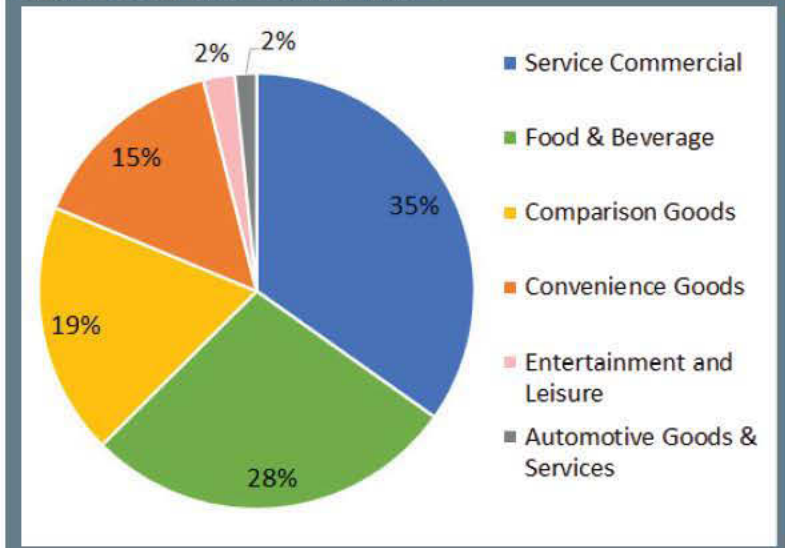
The main components of turnover are business openings and closings. From spring 2022 to spring 2023, 795 new businesses opened and 759 businesses closed, resulting in a lower overall vacancy rate city-wide.

City-wide Retail Mix and Change

The city-wide retail mix* (Figure 8) is predominantly made up of service commercial (35%) and food & beverage businesses (28%) followed by comparison goods (19%), convenience goods (15%), entertainment & leisure (2%), and automotive goods & services (<2%) businesses.

Figure 9 shows the distribution of all openings and closings by business type. These rates are balances for most retail categories resulting in minimal change to the city-wide retail mix. This is a change from the early pandemic years that saw disproportionately high openings of businesses dealing in convenience goods and closings of businesses dealing in comparison goods. The only exceptions are automotive goods & services (such as tire and lube service businesses) which continued to see businesses close at a faster rate than they opened, and entertainment and leisure, which saw more businesses opening than closing.

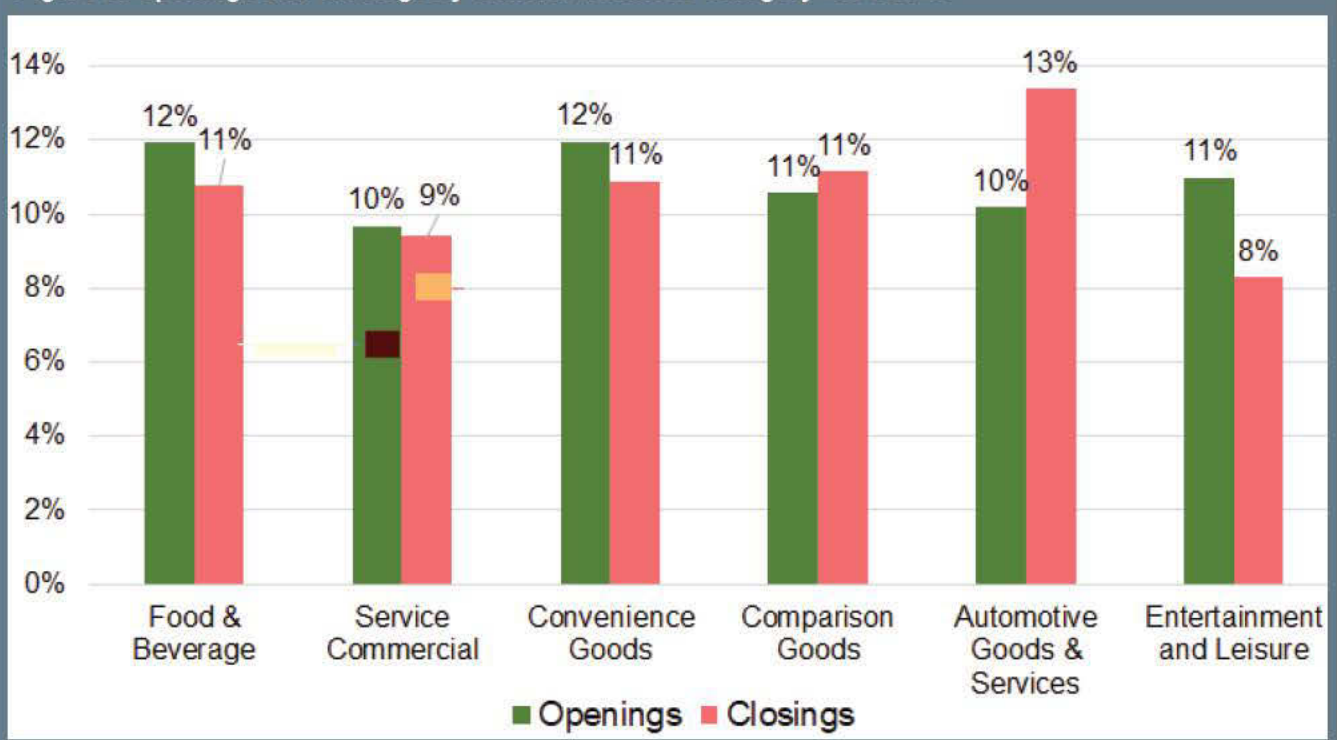
Figure 8: City-wide Retail Mix 2023



*See Section 2 for examples of each business category

City of Vancouver Storefronts Inventory

Figure 9: Openings and Closings by General Business Category 2022-2023



City of Vancouver Storefronts Inventory

Independent vs. Chain Storefronts

Independent businesses are critical to retail health as they contribute to the unique character of each neighbourhood and tend to have stronger local economic multiplier effects than chains*. A higher proportion of independents represents more jobs and more money in the local economy**. Chains still have a role in retail areas often as an anchor or providing affordable options.*

Independent businesses account for 77% of all occupied storefronts in the Inventory with chain stores accounting for the remaining 23%. Chain businesses are disproportionately represented in the downtown core, such as Granville Street, Alberni Street and West Hastings, as well as some smaller clusters of newer development such as Marine Gateway and the River District.

The highest proportion of independent businesses can be found in storefronts outside the downtown core along the retail high streets such as Broadway Corridor between Cambie and Main Street (92%), Central Kingsway (>90%), Commercial Drive (84%), East Hastings within Strathcona BIA (99%), Main Street from 20th to 33rd (87%), and Victoria Drive BIA (87%). Many small neighbourhood retail clusters also contain a higher proportion of independent businesses.

DEFINITIONS

“Independent” storefronts are businesses with less than four locations.***

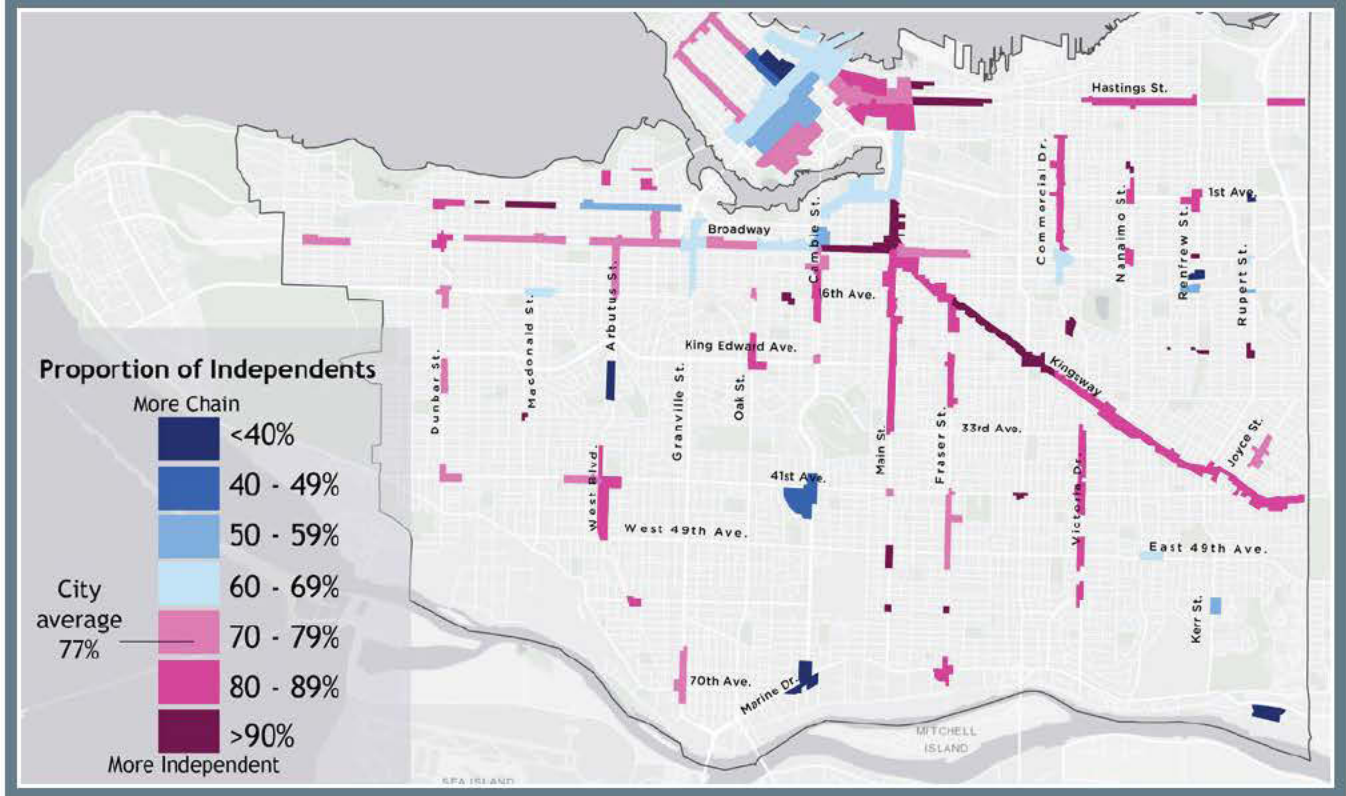
“Chain” refers to any business that has four or more locations (this includes franchises).***

* [2020 Retail-Commercial District Small Business Study](#)

** [The Economic Impact of Local Businesses](#)

*** [Statistics Canada](#)

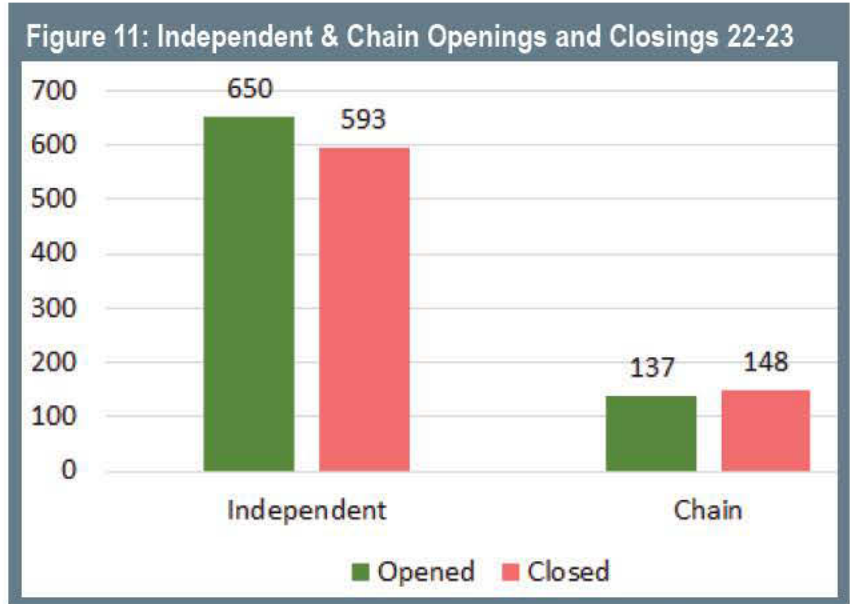
Figure 10: Independent Storefronts by Area 2023



City of Vancouver Storefronts Inventory

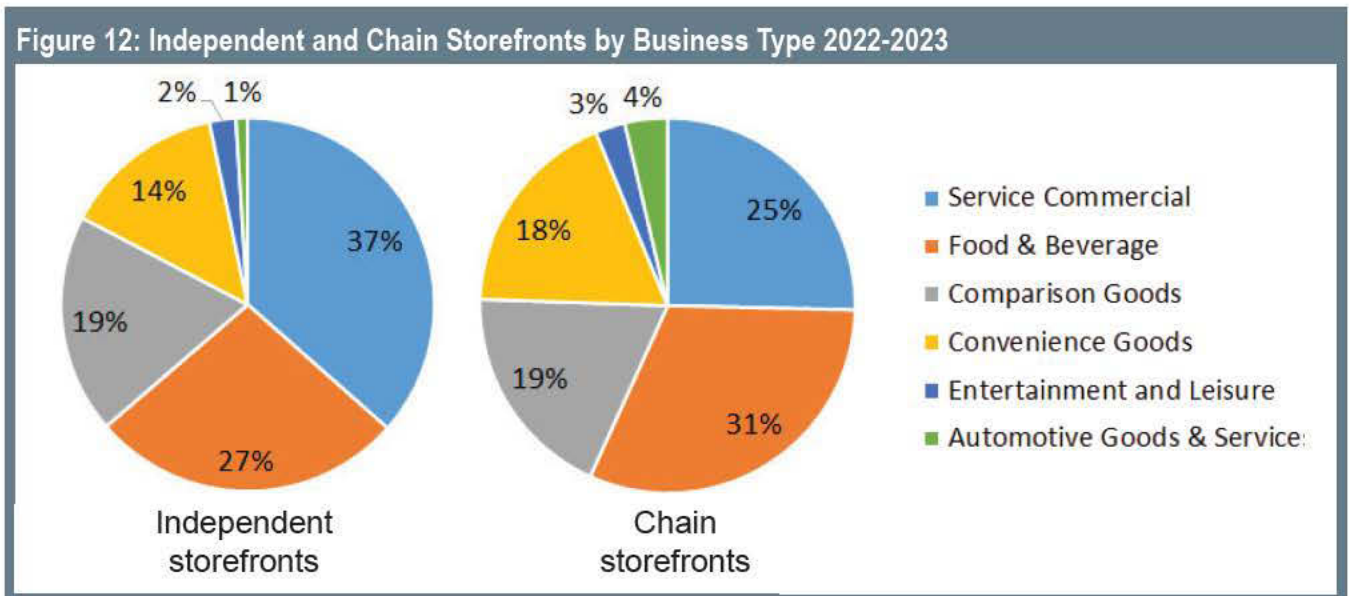
Independent vs. Chain Storefronts - Composition and Change

Over the past year, more independent businesses opened than closed and more chains closed than opened (Figure 11). As a result, city-wide, the proportion of independent storefronts increased slightly (up 0.4% to 77% of all occupied storefronts). Independent businesses made up a disproportionate amount of the businesses that opened (83%) and closed (80%), suggesting there is slightly higher turnover among them than among chain businesses.



City of Vancouver Storefronts Inventory

The sector-based composition of independent businesses is slightly different from chains (Figure 12). For example, 37% of all 5,800 independent stores are service commercial businesses such as barbershop and hair salons, physios and massages, and medical services. This statistic among chains is only 25%. By contrast, there are relatively high proportions of chain businesses in the food & beverage (31%) and convenience goods (18%) sectors; the comparable statistics among independent businesses are 27% and 14% respectively.



City of Vancouver Storefronts Inventory

OPEN

special occasion boxed cards

BUY 6
CARD
SAVE 10%





Methodology & Assumptions

Storefronts Inventory

The annual Storefronts Inventory is a City of Vancouver field survey, a visual inspection of ground floor retail units or “storefronts” in every Business Improvement Area (BIA), most major commercial-retail streets outside of BIAs (e.g., Kingsway), and most smaller clusters of shops. The Inventory does not currently include stand-alone shops (e.g., cornerstores), large format retail centres (e.g., along Grandview Highway or Southwest Marine Drive), or the interior of malls and shopping centres. The survey field work is completed by City of Vancouver staff using mobile devices to record changes, note and flag issues, and record time of collection through a GIS app. The data is validated by each BIA for their areas. For non-BIA areas, staff validate the data using business licence data and online research. Staff subsequently code the validated data for business categories to allow for analysis.

Interior suites in malls and non-retail storefronts such as office buildings, churches, libraries and vacant lots are not included in the calculations. The Inventory started in 2020 and continues to be repeated by staff in March each year.

Storefronts Universe

The total number of storefront sites surveyed is not the entire “universe” of storefronts in the city. The 2020 inventory focused on the high streets and large storefront clusters, i.e the majority of storefronts in the city. In subsequent years’ inventories, these areas were fine-tuned adding new and missed storefronts in existing survey areas and adding small clusters and new retail high streets.

As not all businesses are located in storefronts (e.g. offices, industrial spaces etc.) not all businesses in the city are included in this inventory.

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

Vacant Status

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

Healthy Vacancy

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

Independent and Chain businesses

This report uses the Statistics Canada [definition of independent businesses](#) to identify non-chain storefronts. Businesses with less than four locations in the same industry are considered to be independent. Chains also include franchises in this report, though [chain and franchise are defined separately by Statistics Canada](#).

Measuring Change

Changes in a storefront's space is measured by turnover. This includes change in businesses, new vacancies, and filled vacancies with new businesses. Business openings and closings are a key part of this change. This calculation is based on the previous inventory and tracks the change in the businesses between inventories. A storefront opening is a new business in the inventory for a storefront site that was vacant or occupied by a different business in the previous inventory. A closing is the loss of a business at a storefront site between inventories. The site of a storefront can count for a closing and an opening if a new business occupies the space between inventories.

General Business Category

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

Comparison Goods

Thrift and Second-hand Merchandise, Sporting Goods, Pets & Pet Supplies, Appliances, Furniture/Home Furnishings, Bookstores, Bicycle Shops, Home Improvement, Art Gallery/Framing, Clothing Apparel, Toys, and Hobbies.

Convenience Goods

Liquor Store, Cannabis Stores, Supermarket, Grocery, Pharmacy, Convenience Store, Bakery, Florist, Butchers, Health & Beauty Items, and Pharmacies.

Food & Beverage

Restaurants, Pubs, Bars, Fast Food, Cafes, Tea shops, and specialty dessert shops

Service Commercial

Barbershops, Beauty Salons, Travel Agencies, Physios, Massage, Acupuncture, Chiropractors, Storefront Medical and Dental, Insurance, Realtor, Investment Brokers, Financial Services, Banks, Credit Unions, Accountants, Legal Services, Notaries.

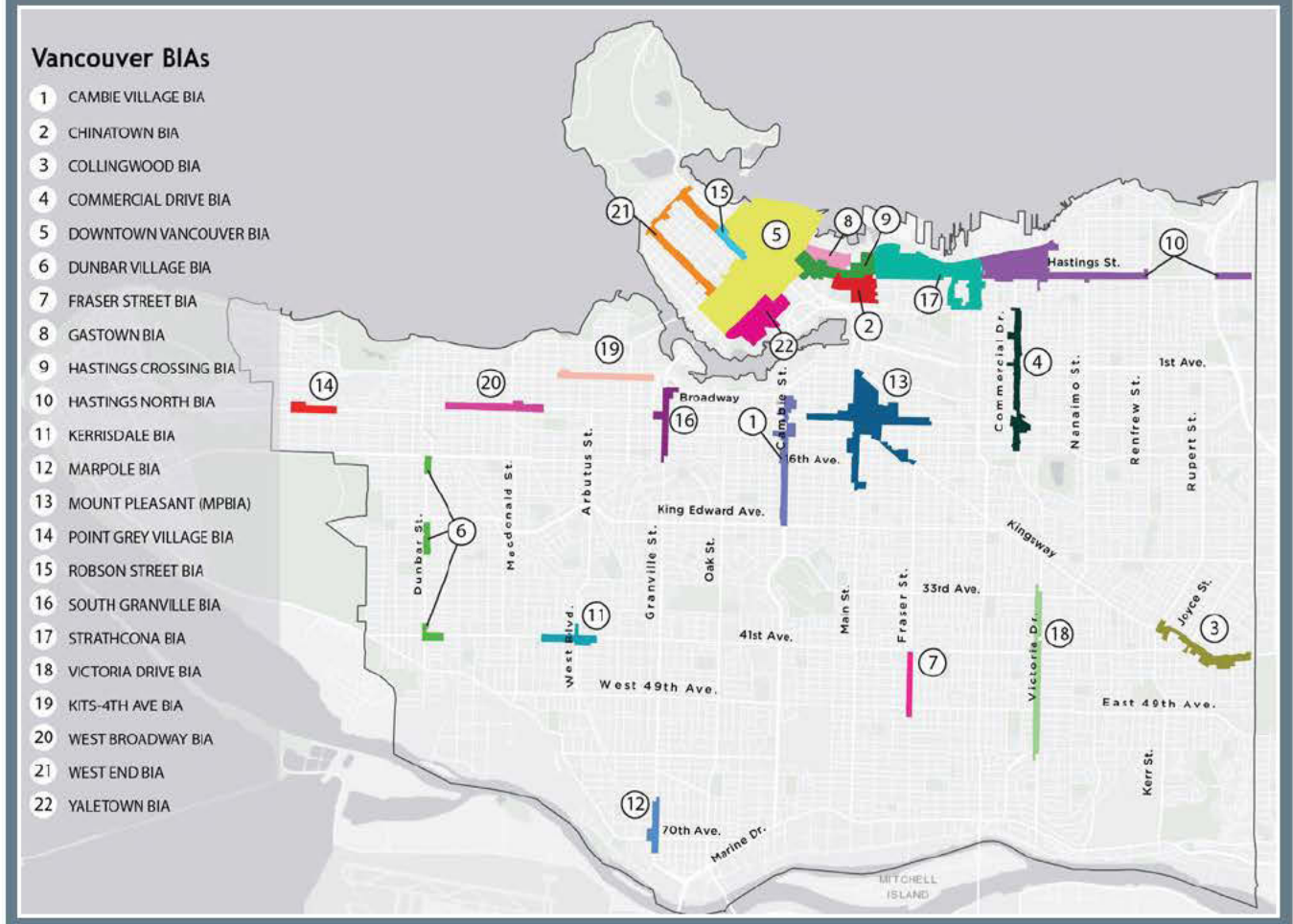
Automotive Goods & Services

Gas stations, Tire and Lube Services, Vehicle Rentals

Business Improvement Areas (BIAs)

Vancouver has 22 Business Improvement Areas managed by non-profit associations. These BIAs cover the majority of the city's retail high streets.

Figure 13: Vancouver Business Improvement Areas (BIAs)



City of Vancouver

