

From: **"Mochrie, Paul"**

To: **"Direct to Mayor and Council - DL"**

Date: 2024-04-22 1:04:39 PM

Subject: Storefront retail - vacancy rates

Attachments: Memo to Mayor & Council - Memo - 2023 Storefront Inventory Fall Update - BIA-Specific Storefront Reports and Update on Vacancy Analysis.pdf

Good afternoon Mayor and Council,

Last Monday (April 15), staff provided a briefing regarding the now-completed review of property tax distribution across residential/business property classes. In the course of that briefing, there was a question posed regarding storefront vacancy rates.

For your reference on the above topic, please find attached a memo originally circulated in December 2023 along with links to a detailed analysis of vacancy rates City-wide and within each business improvement area.

Best,
Paul

Paul Mochrie (he/him)
City Manager
City of Vancouver



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

MEMORANDUM

December 7, 2023

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office

FROM: Doug Smith
Acting General Manager, Planning, Urban Design and Sustainability

SUBJECT: 2023 Storefront Inventory Fall Update: BIA-Specific Storefront Reports and Update on Vacancy Analysis

RTS #: N/A

Overview

Every year, Council receives for information a fall update to the annual [Storefront Report](#) and [memo](#) circulated in spring. This update ([Appendix A](#)) extends the spring report by providing a brief overview and summary of changes for each of the city's Business Improvement Areas (BIAs). This year, the memo also provides some additional analysis of key vacancy statistics identified in the spring, including a summary of work underway to address vacancy challenges.

BIA-Specific Storefront Reports

Area specific profiles of storefront composition, area spending, and visitation rates for each BIA are provided in section 2 of the updated report ([Appendix A](#)). BIA leadership use this information to inform programming, marketing and business attraction activities. This year, City staff are organizing a workshop with business district experts on how data can be more strategically utilized to achieve BIA goals. As noted in the spring report, conditions city-wide are generally improving while some areas continue to struggle (e.g., BIAs in the Downtown Eastside, and sub-areas of Kingsway and east Broadway).

Updated Vacancy Analysis

There were 932 vacant storefronts in Vancouver in spring 2023, representing a city-wide vacancy rate of 10.6%. Of the 932:

658 are recently vacant (since spring 2021 or later), representing 7.5% of storefronts.

Local experts have advised that these spaces represent “frictional vacancy”, resulting from normal market activities. Frictional vacancy is considered healthy when it is between 5% and 10%.

- **274 are persistently vacant (vacant since 2020).** Of these spaces, 100 (1.1% of total storefronts) do not appear to be listed for lease and do not have applications or permits on file with the City.

The city-wide vacancy rate is trending down and many shopping areas (e.g., 12 of 22 BIAs) have acceptable vacancy rates or have seen recent vacancy rate improvement. ***In areas with very high and very low vacancy rates there is a need to continue to monitor and take action:***

- Chinatown, Strathcona and Hastings Crossing BIAs have high (ranging from 18.5% to 28.2%) and rising vacancy rates. These areas also contain a disproportionate share (23%) of the city’s persistent vacancies. Excluding these BIAs, the city-wide vacancy rate is 9.7%.
- Conversely, in some areas, frictional vacancy rates are considered to be too low. This can constrain business expansions and create upward pressure on rents.

Action to address area vacancy problems:

- **Where frictional vacancy rates are too high:** the City is making it easier to get into commercial space. The [permit improvement program](#) includes a pilot initiative to allow low-hazard small businesses to avoid permitting when entering spaces under 3000 sq. ft. The [commercial renovation centre](#) is available to assist small businesses with planning renovations and business relocations.
- **Where frictional vacancy rates are too low:** implementation of the Vancouver Plan can increase commercial capacity and provide for the expansion of existing retail to meet the needs of a growing population. This work will take diverse forms, including expansion of opportunities for [corner stores](#), accelerating Village implementation per a recent [Council motion](#), and responding to recent [provincial directives on densification near transit hubs](#).
- **Where there are persistent vacancies and concentrations of high vacancy:** in the DTES, the City is piloting the [Special Enterprise Program \(SEP\)](#), which includes a suite of tactics to help activate commercial storefronts and provide business supports in partnership with community partners. This focused program operates in the context of an array of multi-jurisdictional initiatives (e.g., housing, public health, economic development, employment, etc.) addressing the complex social and economic challenges of the DTES. In Q1 of 2024, Staff will return to Council with a report on outcomes from the first two-years of the SEP pilot, including lessons-learned from this work that could inform tactics for other areas of the city struggling with high and persistent vacancies.

For more information contact me at doug.smith@vancouver.ca.



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Appendix A: 2023 Storefront Report – Fall Update

The new area-specific reports are available on the City website:
<https://vancouver.ca/files/cov/2023-storefronts-report-bias.pdf>