The Vancouver Plan

Action while planning:

Employment Lands & Economy Review: Update on Phase 1 & Next Steps

Planning
Vancouver
Together

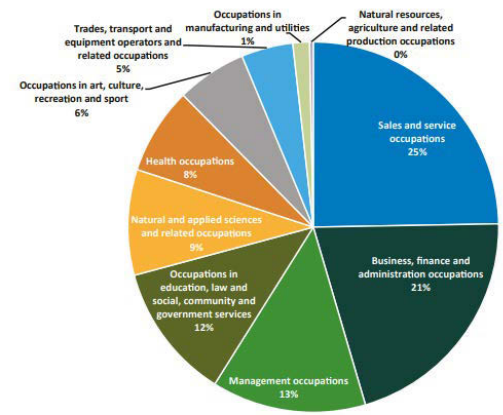
Employment Lands & Economy Review

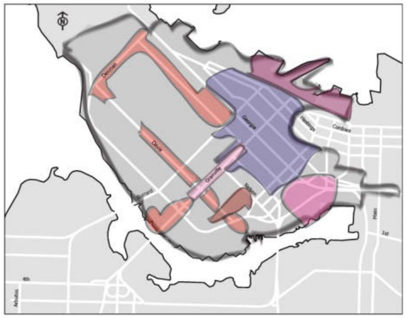
CITY OF VANCOUVER

SCOPE & DELIVERABLES

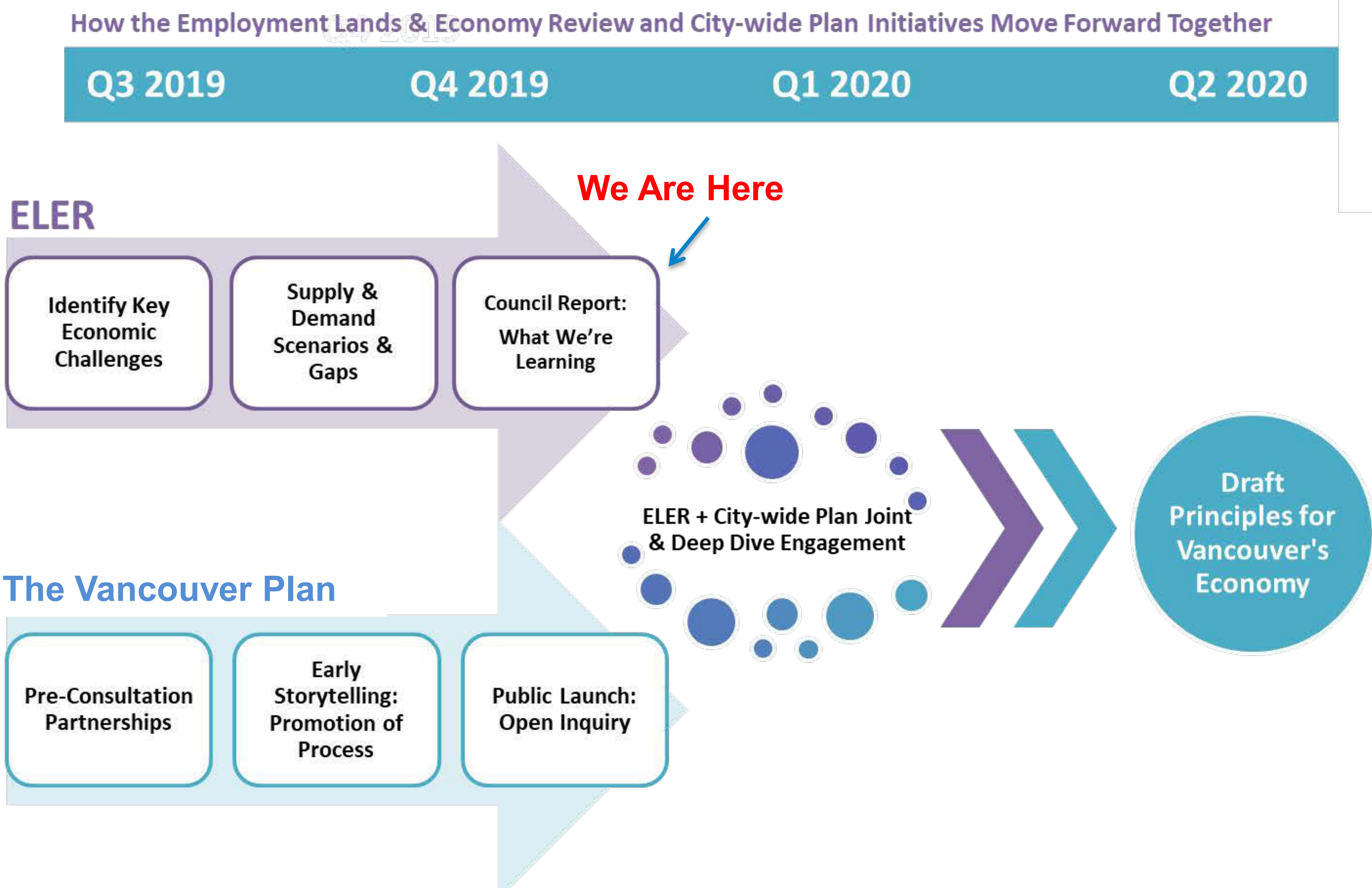
- A broad overview of Vancouver's economy
- Comprehensive data, engagement and integration with other initiatives
- City-wide and sub-area level analysis
- High-level policy directions to ensure an appropriate supply of land to support our economic goals
- Foundational information for the Vancouver Plan and future economic development work

FIGURE 2. OCCUPATIONS IN THE CITY OF VANCOUVER





Integration with The Vancouver Plan



Council Recommendation

A. *THAT Council **receive this project update report** and initial list of economic and employment lands challenges and opportunities and direct staff to **continue engagement** with VEC, stakeholders, and others, including integration into the Vancouver Plan engagement processes, to identify high level policy directions and **report back to Council** in mid-2020 in parallel with the Vancouver Plan report back on challenges and principles.*

What are we Hearing?
Key Themes, Drivers & Disruptors

CITY OF VANCOUVER

- Changes in Global Trade
- Unaffordable Housing & Space
- Recognition of the Informal Economy
- Climate Change
- Zoning & City Processes
- Displacement & Encroachment
- Uncertain Tenancy
- Space Challenges
- Increased Automation & AI
- Inequality
- Rise of the Creative & Digital Economy
- Importance of the Non-Profit Sector
- Changing Nature of Work
- Changes in Labour Advantages
- Barriers to Workforce Entry
- Future of Industrial lands
- Alternative Work Arrangements
- Regional Significance of Vancouver’s Economy
- Local vs. Global

What are we Learning?

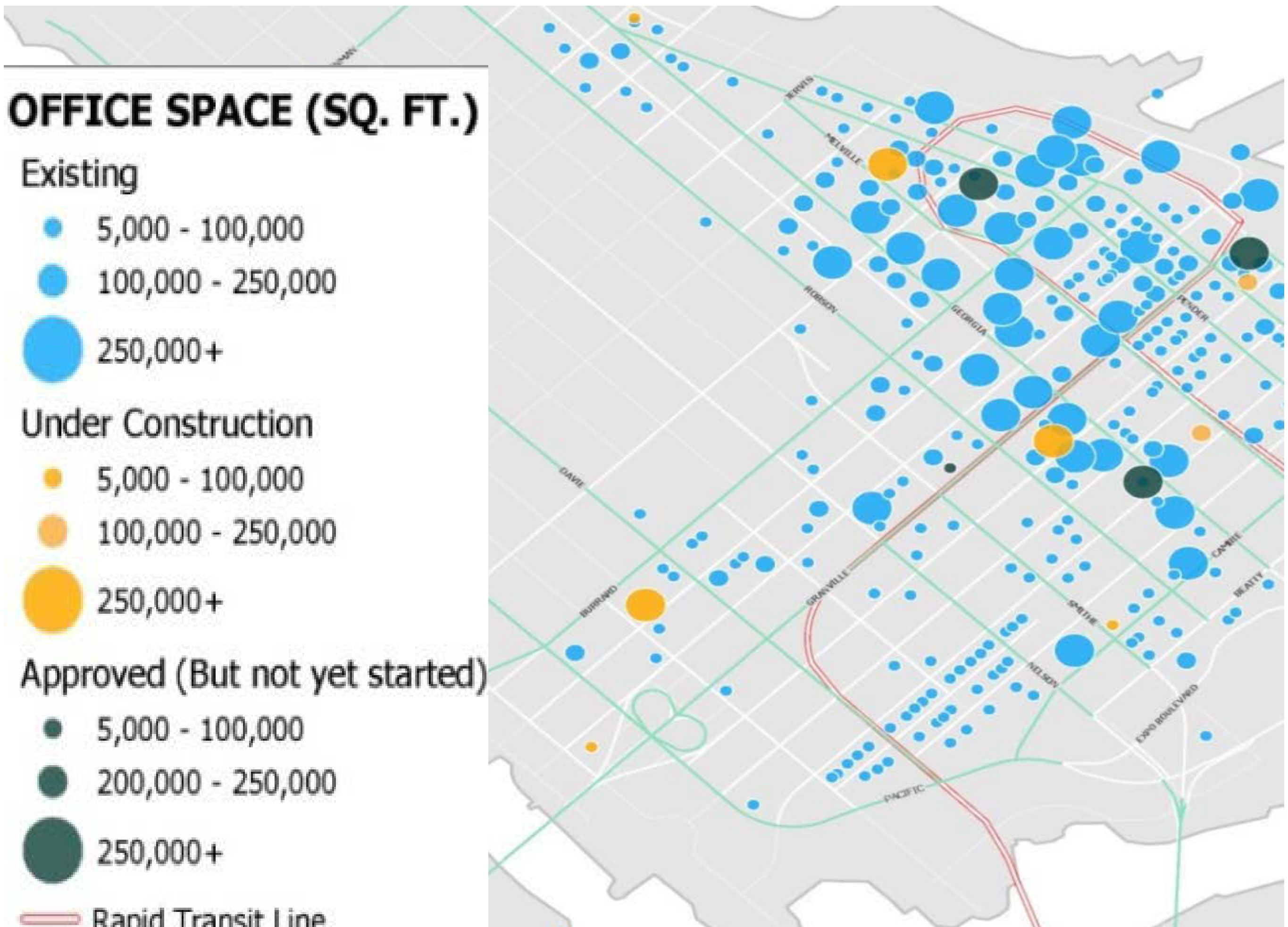
CITY OF VANCOUVER

Initial List of Economic and Employment Lands Challenges/ Themes:

1. Diversity of Job Opportunities, Workforce Supports & Economic Resiliency
2. Job Space Affordability
3. Viability of Small Independent Business & Capacity for Growth of Commercial Services to Serve a Growing Population
4. Viability of City Serving Industrial Businesses
5. Appropriate Capacity for Office & Hotel Growth

Important to Recognize Uncertainties and Take a Long Term View

2009 Council decision to restrict residential in CBD and preserve space for jobs:



Office Space in Downtown West, 2019

Strong demand for office today

- < 3% vacancy
- ~70% of office under construction in region is in Vancouver
- 8.1M sq. ft. under development today (space for ~30,000 jobs)

PDS Economic Development Functions

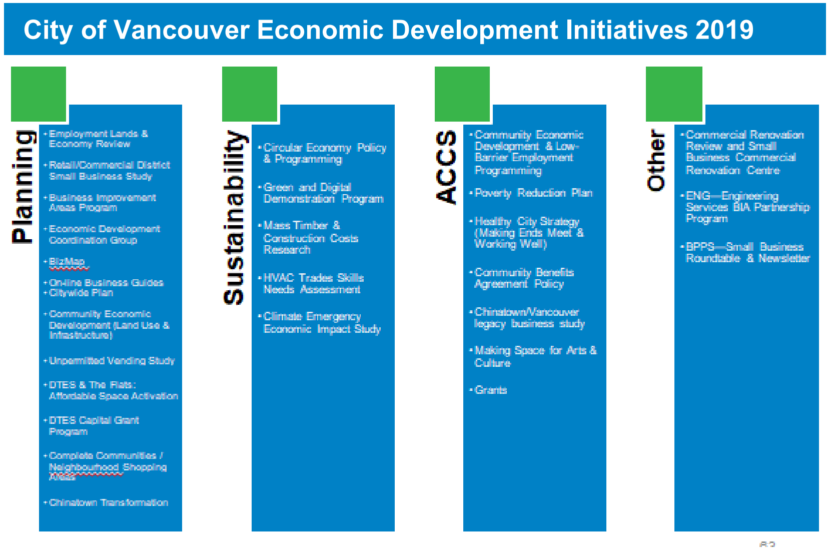
CITY OF VANCOUVER

- Research & Data
- Land Economics
- Government to Government Relations (including First Nations)
- Institutional & Regional Alignment
- Infrastructure Planning
- Policy Development & Implementation
- Capacity-Building Through Funding/Grants
- Financing Growth
- Public Engagement
- Strategic Planning
- Monitoring & Evaluation

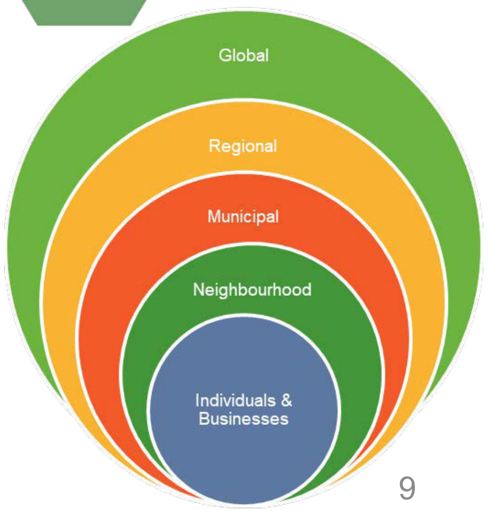
Context

- One part of a larger system
- Local → Global
- Integrated sustainability framework
- City of Reconciliation (2014)

The Vancouver Economic Development 'Eco-system'



Social
Environmental
Economic
Cultural



Examples of Related Policy Planning Work

Current Goals for the Economy

Decrease income disparity & inequity

Advance Vancouver's position in the regional and global economy

Contribute to sustainable prosperity

Integrates land use & transportation

Showcases creativity & innovation

Lay foundation of reconciliation, equity and resilience

Grow the trade sector

Increase range of opportunities for inclusion of diverse residents

Grow capacity for trade substitution and the circular economy

Support a broad range of business sectors and a diverse workforce

Acknowledge the informal economy

Ensure Vancouver's businesses succeed across boundaries

How is the Project Structured?

ECONOMY REVIEW

- Foundational research
- Broad engagement
- Internal/external alignment
- Regional alignment
- City objectives

TECHNICAL ANALYSIS

- Supply/demand
- Forecasting
- Scenarios

POLICY IDEAS

- To ensure supply
- To ensure range of jobs
- To ensure social, environmental, cultural & economic resiliency

FURTHER WORK THROUGH

THE VANCOUVER PLAN

&

ECON DEV'T TEAM

&

OTHERS

Engagement Objectives

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Maximize **Inclusivity**

Become **Informed**

Seek **Interactive** Opportunities

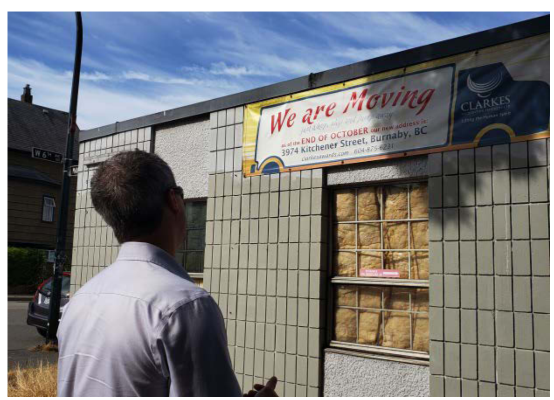
Integrate with Related Work

Be **Iterative**

Who is Involved?

6500 Engagement Contacts

- ✓ Business and Workers Surveys
- ✓ Key stakeholder/subject matter expert interviews
- ✓ Special sessions with key sectors and economic stakeholders and businesses
- ✓ Walking tours & Site visits
- ✓ Ongoing dedicated project web site www.vancouver.ca/employment-lands providing updates, factsheets, engagement summaries
- ✓ External Advisory Group (EAG)



Who is Involved?

External Advisory Group

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Economic Sectors

Accommodation
Hotel Association of Vancouver

Architecture/Design
Mallen Gowing Berzins Architecture

Arts & Culture
Eastside Culture Crawl Society

Real Estate
TRG Commercial Realty

Creative Manufacturing
Dutil Denim

Retail
Retail Council of Canada

Digital Entertainment & Interactive
DigiBC

Education
Great Northern Way Trust

Entertainment
Granville Entertainment Group

Film & TV Production
Vancouver Film Studios

Finance
BMO

Information Communication Tech.
Microsoft

Health
Lower Mainland Facilities Management

Legal
Fasken

Manufacturing
BC Alliance for Manufacturing

Social Purpose Real Estate
Social Purpose Real Estate Collaborative

Restaurant
BC Restaurant & Food Services Association

Creative Co-Working
Creative Co-workers
HiVE

Groups, Associations & Government

Tourism Vancouver
Metro Vancouver Convention & Visitors Bureau

Community Economic Development
Exchange Inner-City

Metro Vancouver

BC Technology Association

Indigenous Business / Development
ACCESS / Bladerunners
MST Dev't Corp.

Port of Vancouver

Vancouver District Labour Council

Vancouver Board of Trade

Vancouver Economic Commission

Business Improvement Associations (BIAs)
Downtown Vancouver BIA
Hastings North BIA / Vancouver BIA Partnership
Strathcona BIA

Transportation

Translink
BC Trucking Association
CP Rail

Logistics
Greater Vancouver Gateway Council

Real Estate, Development & Leasing

Urban Development Institute

Brokerage Firms
Colliers
CBRE

Urban Land Institute

Urban Planning
Brook Pooni

Landowners

Building Owners

Developers

National Assn. of Industrial/Office Properties

MST Dev't Corp
Aquilini
Conwest
WesGroup
Concord Pacific
Holborn Group
Bentall
PCI
Hungerford

What are we Hearing?
Key Themes, Drivers & Disruptors

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What are we Learning?

Initial List of Economic and Employment Lands Challenges/ Themes:

1. Diversity of Job Opportunities, Workforce Supports & Economic Resiliency
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What are we Learning?

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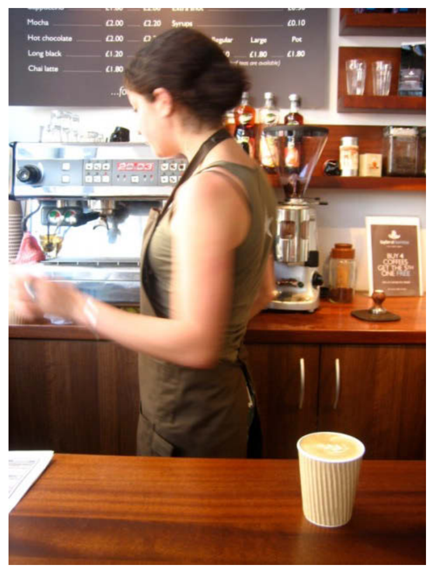
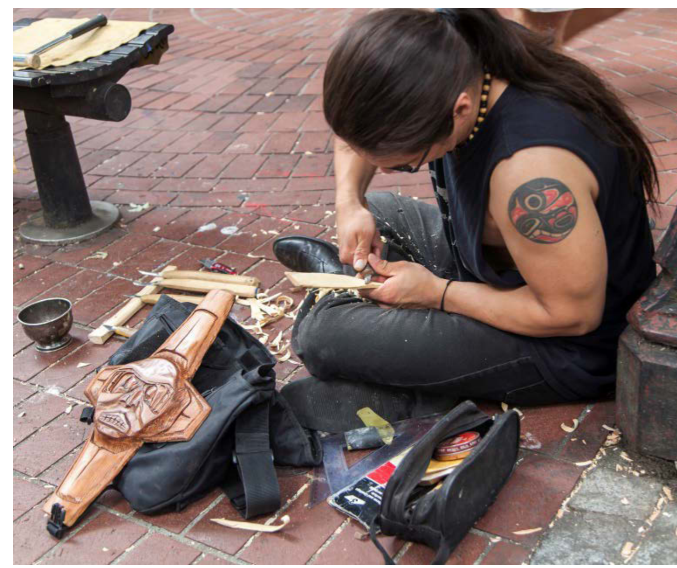
Challenge Area / Theme 1

Diversity of Job Opportunities, Workforce Supports & Economic Resiliency

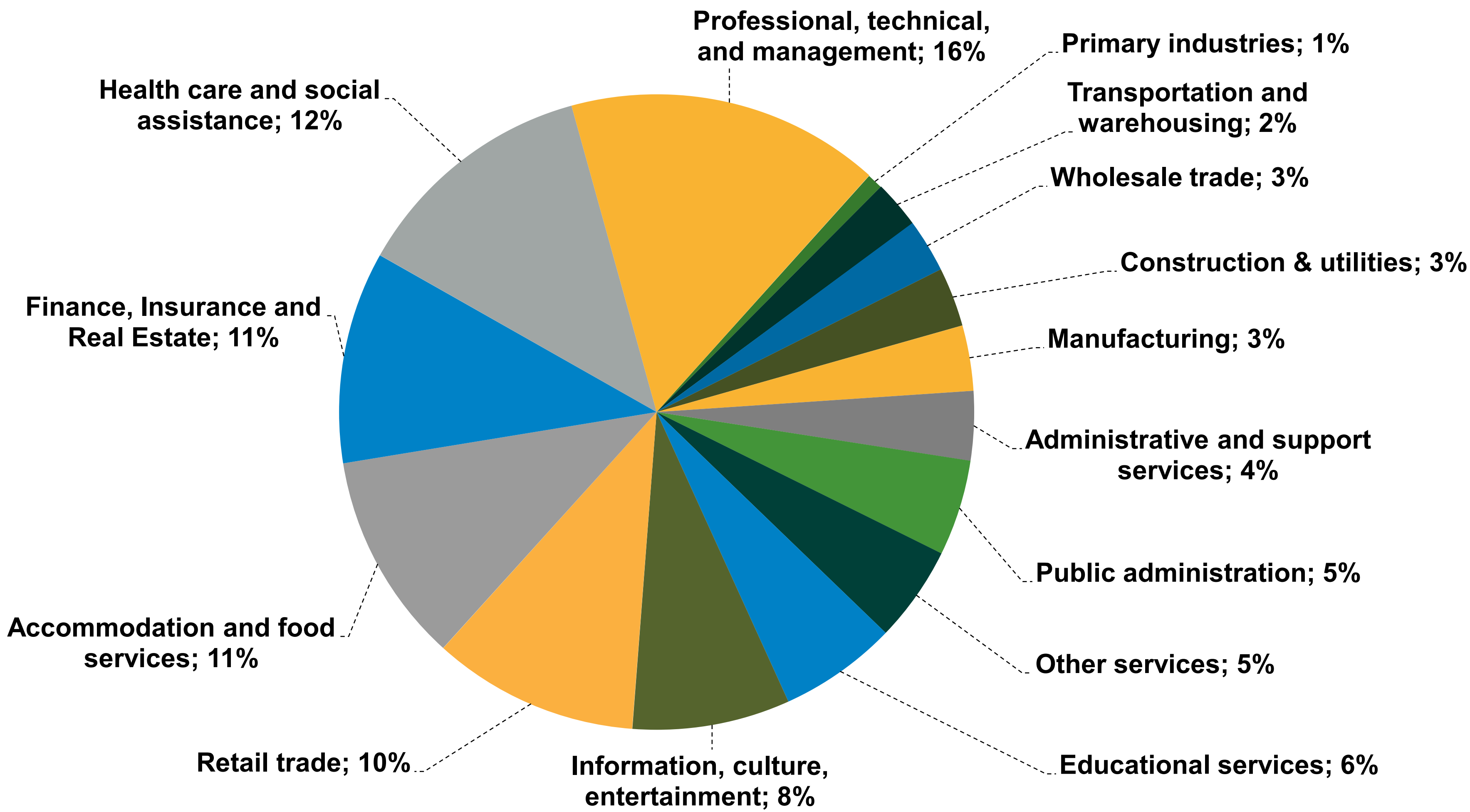




What are we Learning?

CITY OF VANCOUVER

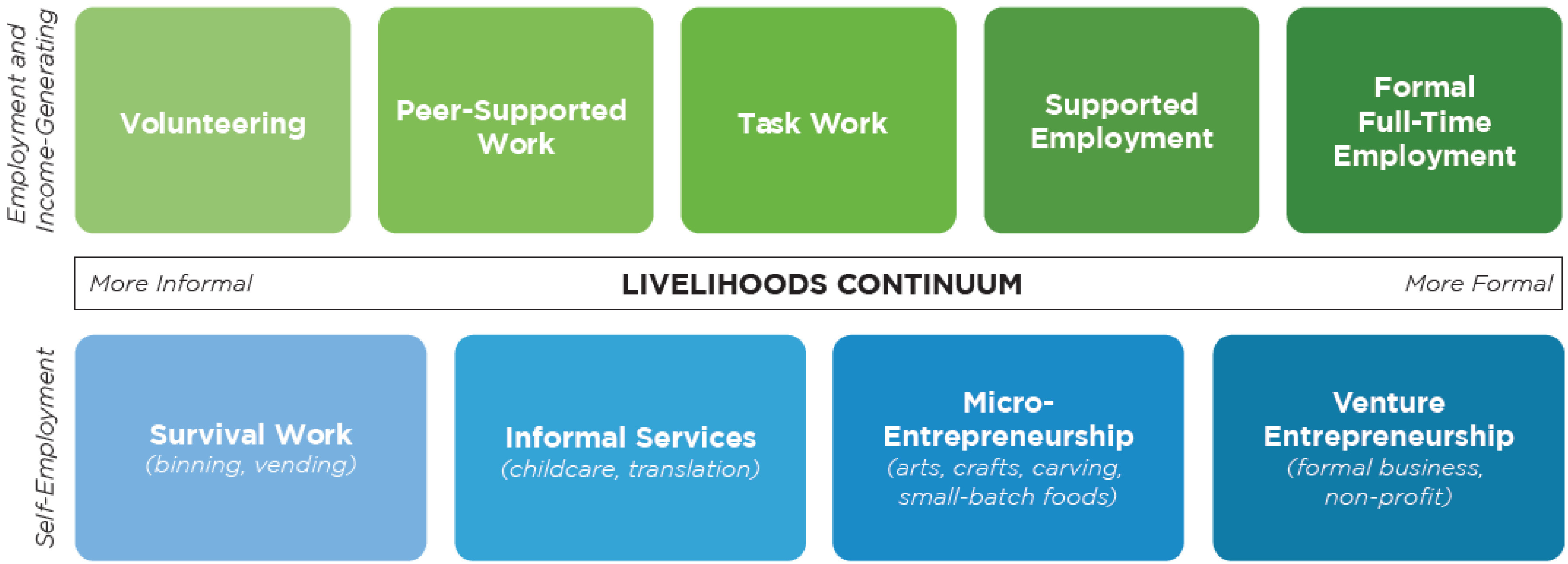
Distribution of Jobs in Vancouver, 2016



Source: Statistics Canada

What are we Learning?

Need to Maintain Diversity & Economic Mobility



Source: Council Approved Community Economic Development Strategy 2016

What are we Learning?

Examples of Key Economic Drivers

Port

Supports 52,800 jobs, $3.01B annual wages, and $10.4B direct impact to city's economy.

Film

$3.4B economic impact and 60,000+ workers in BC

1,900+ Film Permits in the city in 2018; that's +90% since 2014

Tourism

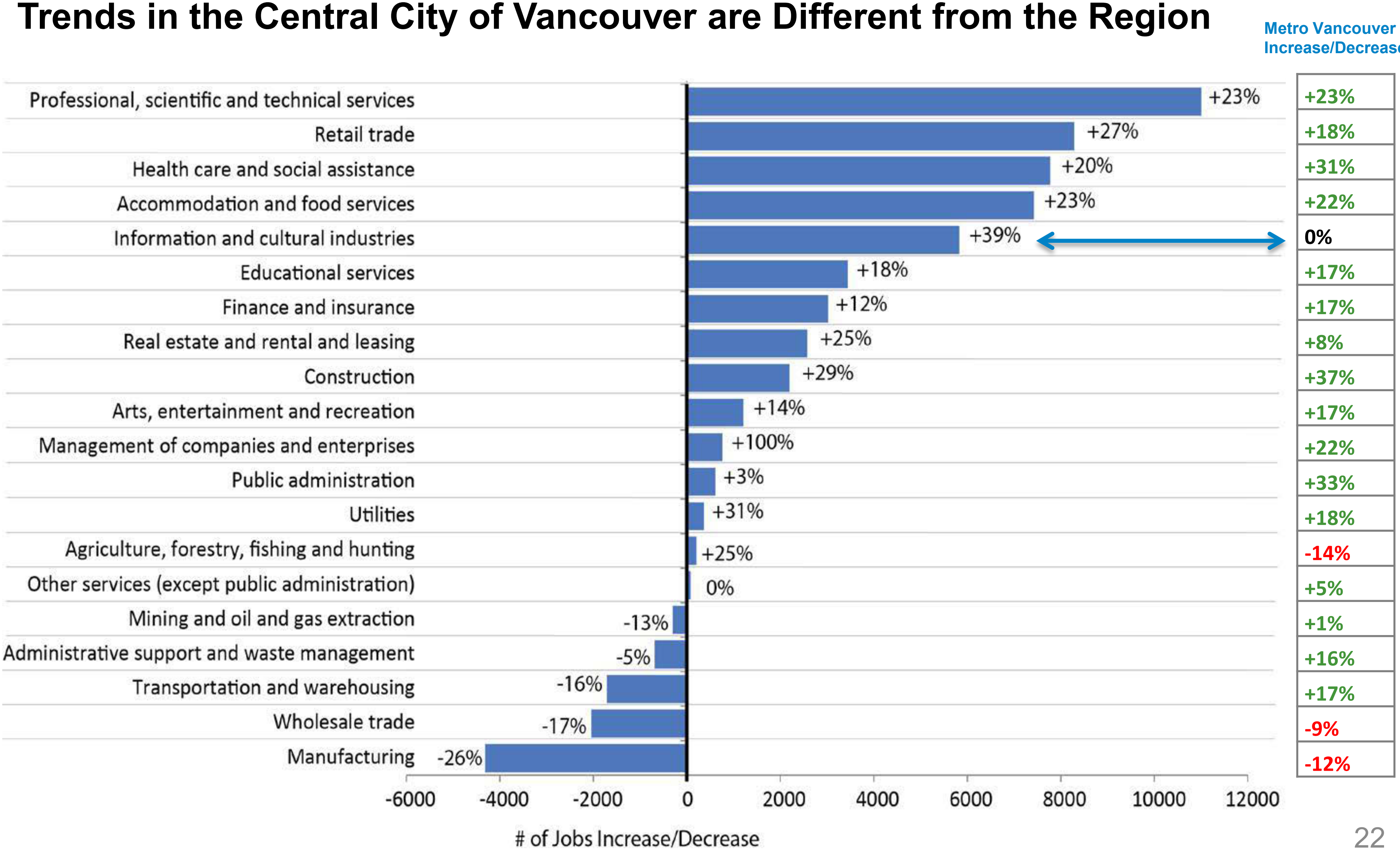
- 70,000+ full-time jobs and $4.8B in direct visitor spending in region
- $500M economic impact and 6,000 jobs from conventions in city
- 12,000+ hotel rooms; 57% of region
- 230+ annual cruise ship calls; nearly $3 million in economic activity per ship

High Tech

- City has world's largest cluster of animation and VFX businesses
- 75,000+ employed in region's digital economy

What are we Learning?

Trends in the Central City of Vancouver are Different from the Region



Source: Statistics Canada 2016 Census: Jobs by NAICS (2 digit). Note that this data does not include jobs "with no fixed workplace address".

What are we Learning?

Labour Force Supports

- Affordable housing
- Child care
- Reliable transportation
- Education and workforce training
- Viability of non-profit sector service provision

What are we Learning?

CITY OF VANCOUVER

Non-Profit Sector Plays A Key Role in the Economy

- **Contributes $3.3B** to provincial GDP and accounts for 86,000 jobs in BC (community non-profits)
- Supports **workforce overall**. For example:
  - Child Care
  - Mental Health Services
  - Employment Services
  - Assistance to Newcomers

- Key challenges:
  - **Lack of affordable or suitable spaces**
  - Competitive disadvantage **retaining skilled workers**
    - Highly skilled work for **less pay than in for-profit businesses** (~75% female)
    - **High turnover**

Social Enterprise Sector is Growing Quickly in BC

What are we Learning?

Need for a Resiliency Approach

- Equity is an Important Consideration in Future Work
  - Vancouverites struggling to make ends meet
  - Growing income disparity
  - ~20% of residents are living in poverty

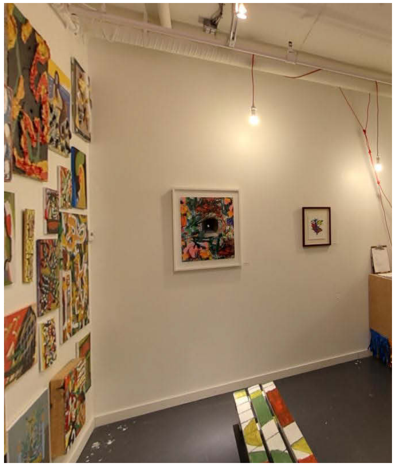
- Workers, Employment Lands & Economy are Vulnerable
  - Sea level rise/floods
  - Extreme weather
  - Forest fires
  - Major earthquake

- Climate Emergency Response:
  - Big Move #1 ‘Walkable Communities’
  - Big Move #2 ‘Active Transportation and Transit.’

What are we Learning?

Challenge Area/ Theme 2

Job Space Affordability



This issue has also been identified through the **Culture|Shift** report

What are we Learning?

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'A huge amount of stress': Vancouver businesses say property taxes have them at the brink

Struggling Vancouver arts spaces paint a grim picture in appeal for tax break

High daycare costs keeping too many parents out of job market

Government subsidies could be offset by increase in income tax revenue, report says

VANCOUVER

Downtown Vancouver office rental costs sees highest increase in North America

What are we Learning?

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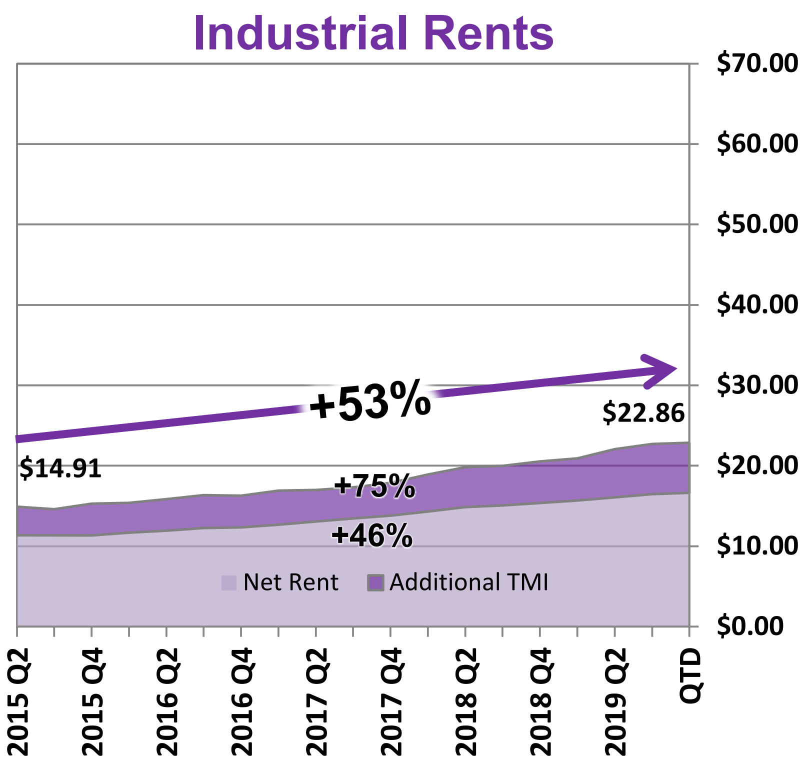
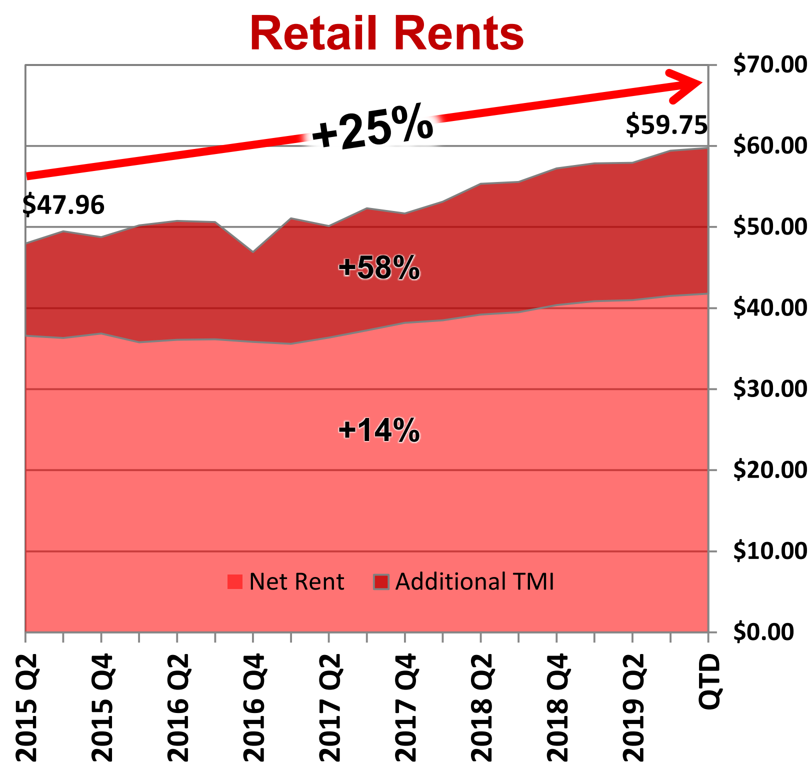
Job Space Rents are Increasing





Rents: Average Market Monthly Rent $ / Sq.ft

Source: CoStar, Market Rent, Extracted Nov 15, 2019

UBCM Request to Change Assessment and Taxation Practices

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- In partnership with other Metro municipalities, tabled recommendation at UBCM to create a new commercial sub-class where unbuilt density can be taxed at a lower mill rate.
- Awaiting response from Province.

Development Potential

Current: Class 6 – Business

Future: New Commercial *Sub-class*

Existing Commercial Use

Remains in Class 6 - Business

What are we Learning?

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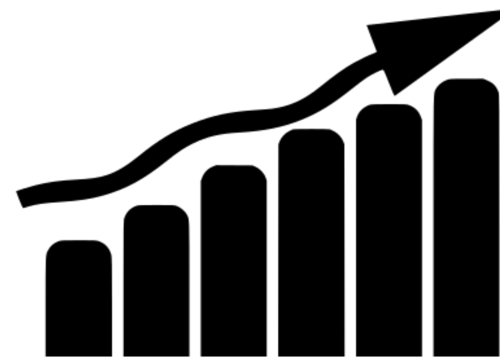
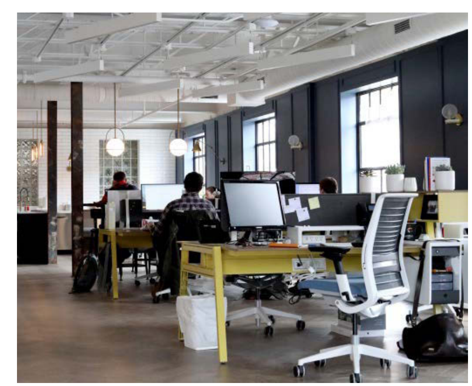
Implications of decreased affordability:

- Risk of business relocation out of Vancouver
- Challenges to business operations
  - lack of storage, meeting rooms, loading areas
- Businesses can't grow into new spaces
- Reduced competitiveness
  - local companies not in optimal spaces or locations; devoting more to rent (in place of reinvestment in efficiency, innovation, etc.)
- Decreased worker quality of life
  - Overcrowding, lack of privacy, lack of workplace amenities
- Threat to a diverse economy
- Loss of social, cultural amenities/vibrancy
- Threat to innovation

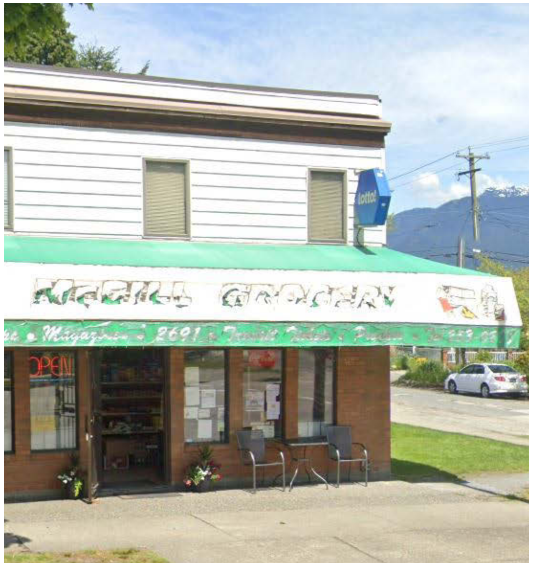


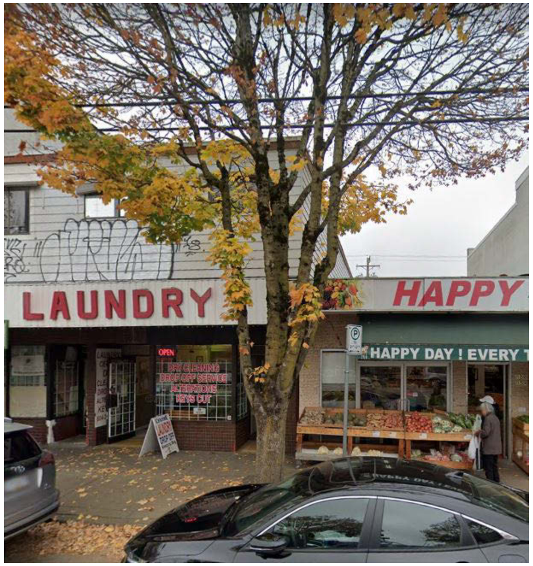


What are we Learning?

Challenge Area/ Theme 3

Viability of Small Independent Business and Capacity for Growth of Commercial Services to Serve a Growing Population





What are we Learning?

Small Independent Businesses are an Important to the City's Economy

- Maintain a local culture of entrepreneurship and innovation
- Provide employment opportunities for a wide range of workers
- Neighbourhood shopping streets foster sense of place and community connection, provide for daily needs
- Retail/ Commercial Small Business Study (In Progress)

What are we Learning?

Business Challenges:

- Affordability: property taxes/assessments
- Public realm: safety, placemaking, quality
- Parking, streets, transit
- Permitting/licensing
- Labour costs & retention
- Leasing Issues: triple net, demo clauses
- Changing demographics

Supply and Demand Model:

- Rising need for commercial space over the long term
- Current policy likely to yield limited capacity to increase supply of commercial space

What are we Learning?

Challenge Area/ Theme 4

Viability of City-Serving Industrial Businesses

What are we Learning?

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Findings from the Metro Vancouver Industrial Lands Strategy:

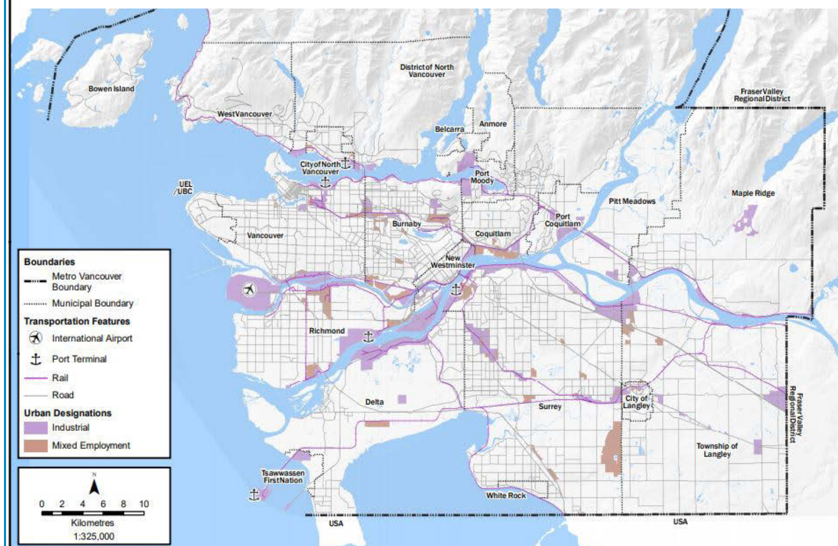
ALL METRO JOBS

47%
community-serving

53%
economic drivers
brings in $ from outside region

50%
dependent on
INDUSTRIAL LAND

Vancouver: ~7% of Region's Industrial Land



- Extremely Limited Land Supply
- Short-term and Long-term Shortage

What are we Learning?

INDUSTRIAL LAND USE CONTINUUM

Heavy Industry	***City-Serving (Light) Industrial***	***Creative Products Manufacturing***	***Cultural Industry***	***DEICT***	***General Office***
• chemicals • recycling / waste • animal processing • heavy machinery	• food & beverage • auto/appliance repair • bulk laundry • warehousing & distribution	• apparel & shoes • furniture & lighting • industrial design • prototyping	• metal & woodworking • dance & music • ceramics & sculpture • painting	• digital entertainment • data processing • IT infrastructure • app development	• architecture • financial services • marketing • administration

Wide range of uses that place opposing pressures on limited industrial land supply

What are we Learning?

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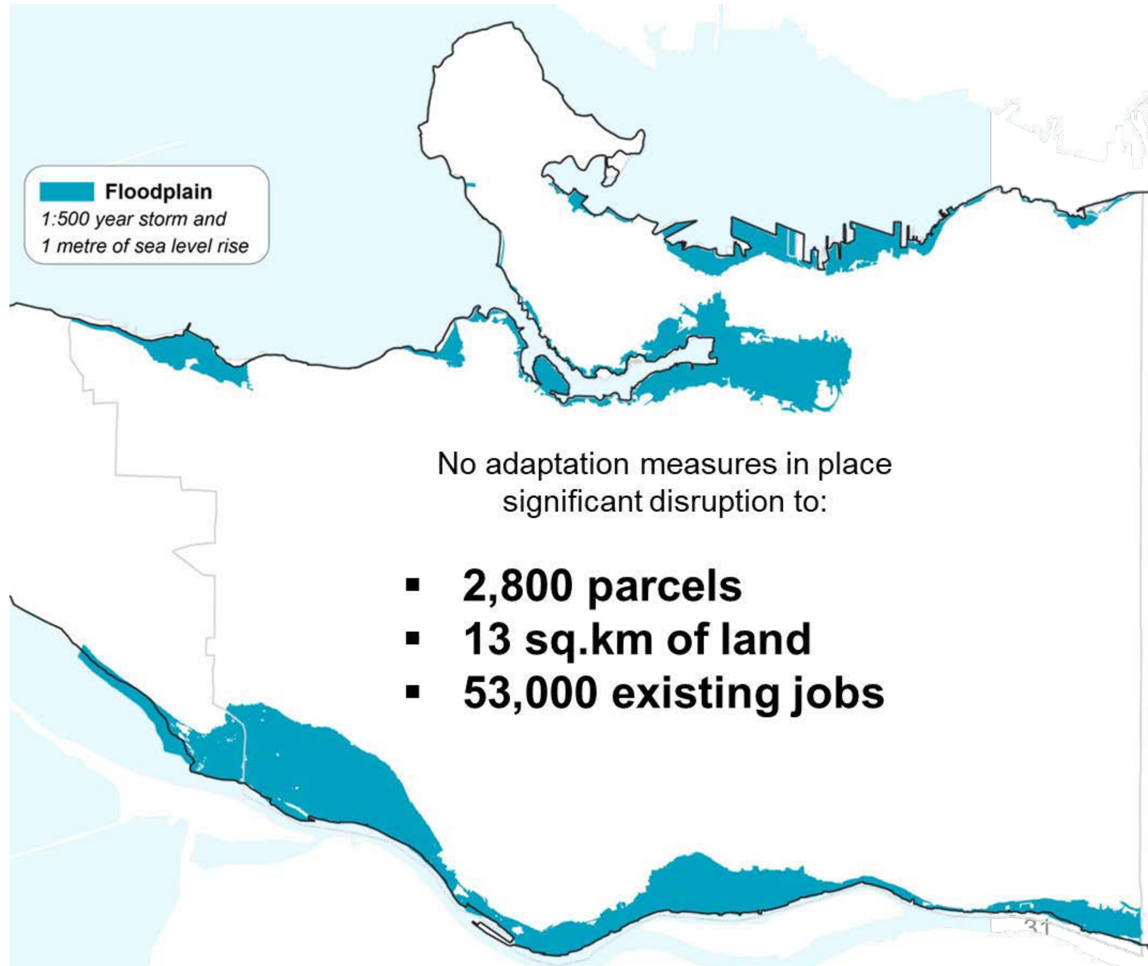
Supply and Demand Model

- **Continued need** for additional industrial space over the long term
- **Limited capacity for growth** due to limited land supply and economics of multi-level space
- Impacts of **sea level rise** and flooding may mean that city and region have even less industrial land capacity in the future



What are we Learning?

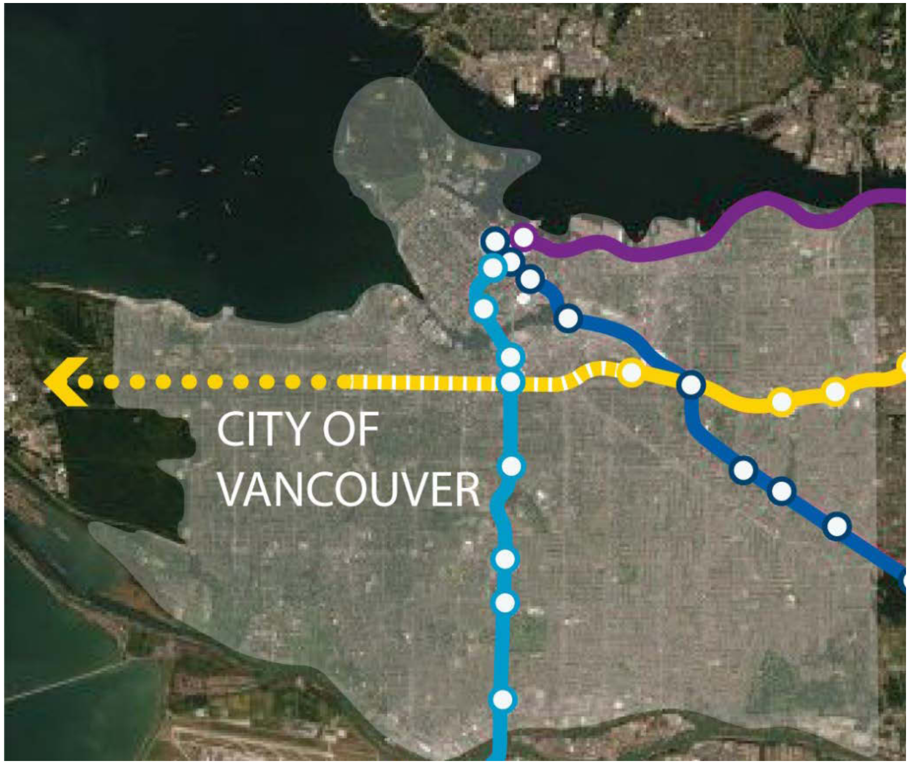
Recent interest in mixed use transit oriented development at rapid transit stations in industrial and mixed employment areas (Marine Drive, Rupert, Renfrew Stations)

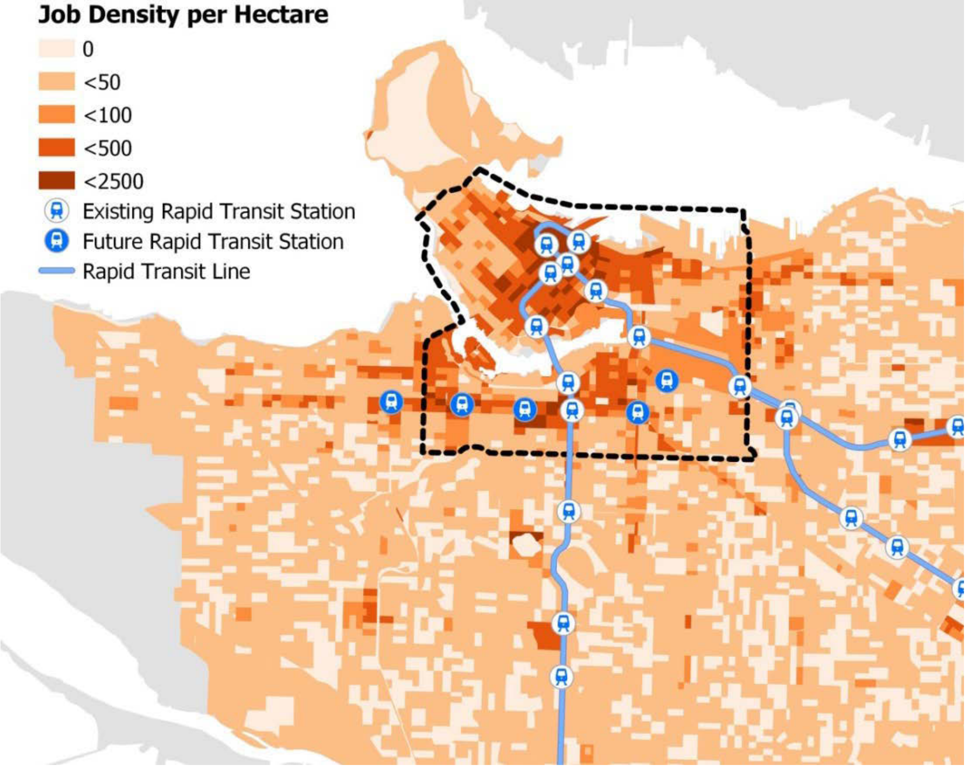
- How can local station area plans ensure:
    - Neighbourhood vibrancy and transit ridership
    - Capacity for significant job growth
    - Space for city serving industrial businesses today and overtime
    - Resilience and ability to adapt to meet future challenges
    - Preservation of affordability

What are we Learning?

Challenge Area/ Theme 5

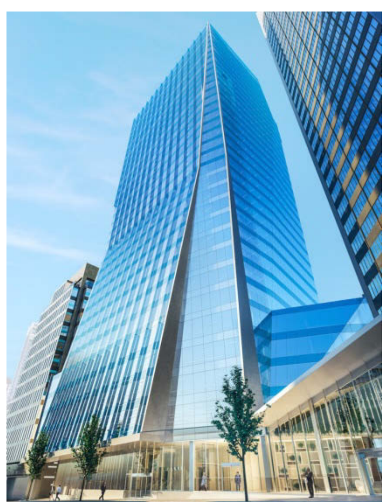
Appropriate Capacity for Office & Hotel Growth

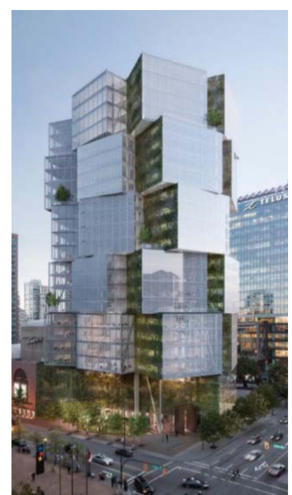




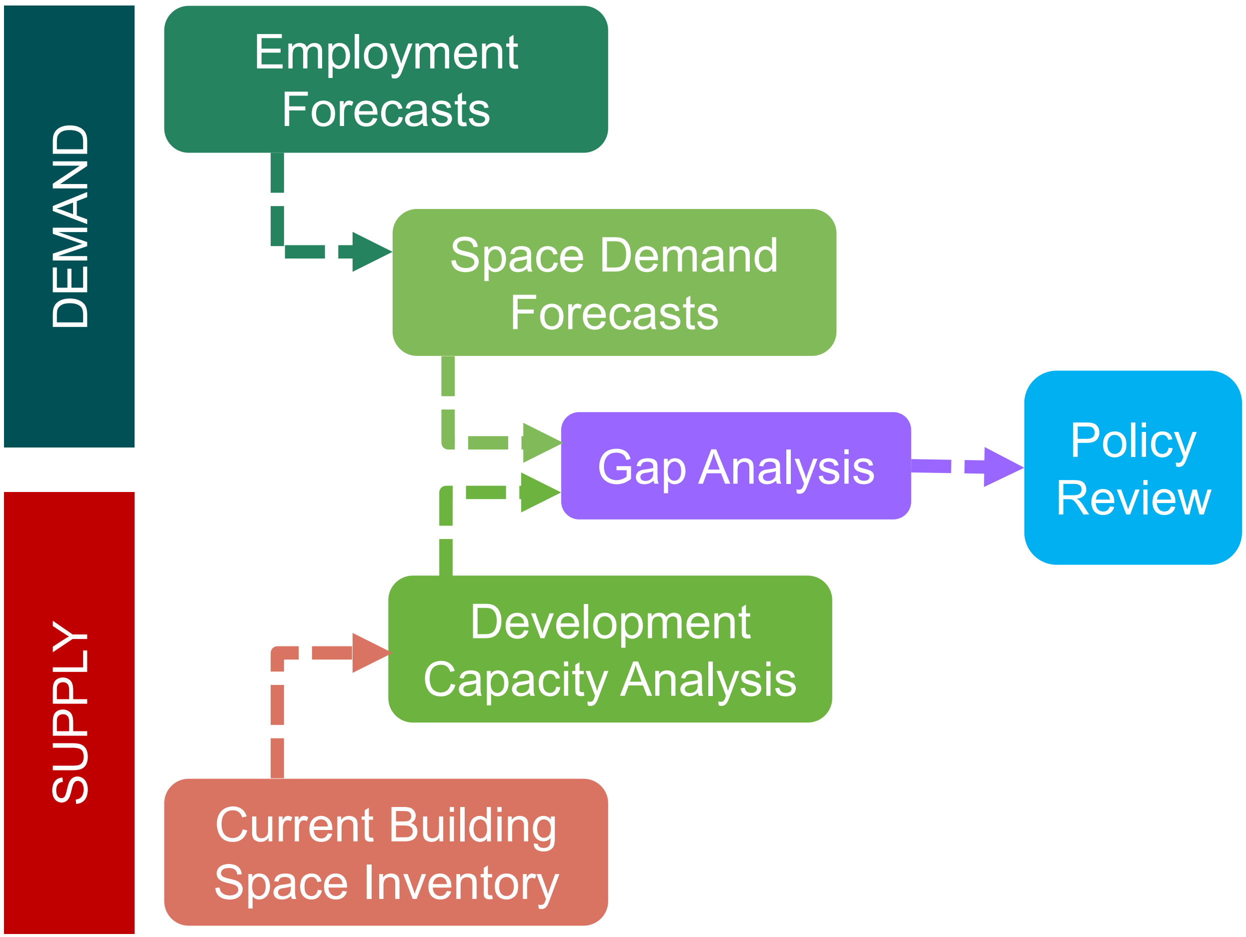
What are we Learning?

- Strong demand for office in Vancouver today:
  - Vacancy < 3%
  - ~70% of office under construction in region is in Vancouver
  - 8.1M sq. ft. under development today (space for ~30,000 jobs)
- Demand for office and hotel is forecast to continue over the long term
- Next Phase of ELER and The Vancouver Plan need to consider:
  - Vancouver's Role in Region
  - Job Mix and Role of Key Sub-Areas





Understanding Potential Demand and Supply



Understanding Employment by Space Type

Vancouver Total Employment, By Land Use Type, 2016
(includes allocation of regional no-fixed place of work employment)

Major Office

124,500

Primary Sectors:
- Finance & insurance
- Real estate brokerages
- Professional, scientific & tech services
- Management of companies

Population Related

Commercial

142,400

Primary Sectors:
- Retail trade
- Arts, entertainment & recreation
- Accommodation & food services
- Hotel demand <u>considered as subset</u>

Institutional

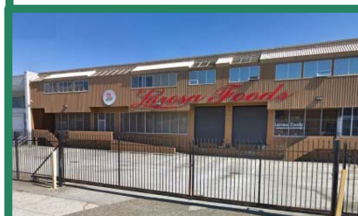
60,200

Primary Sectors:
- Educational services
- Health care & social assistance
- Public admin.

Industrial Areas

48,000

Primary Sectors:
- Manufacturing
- Wholesale trade
- Transportation & warehousing
- Film production



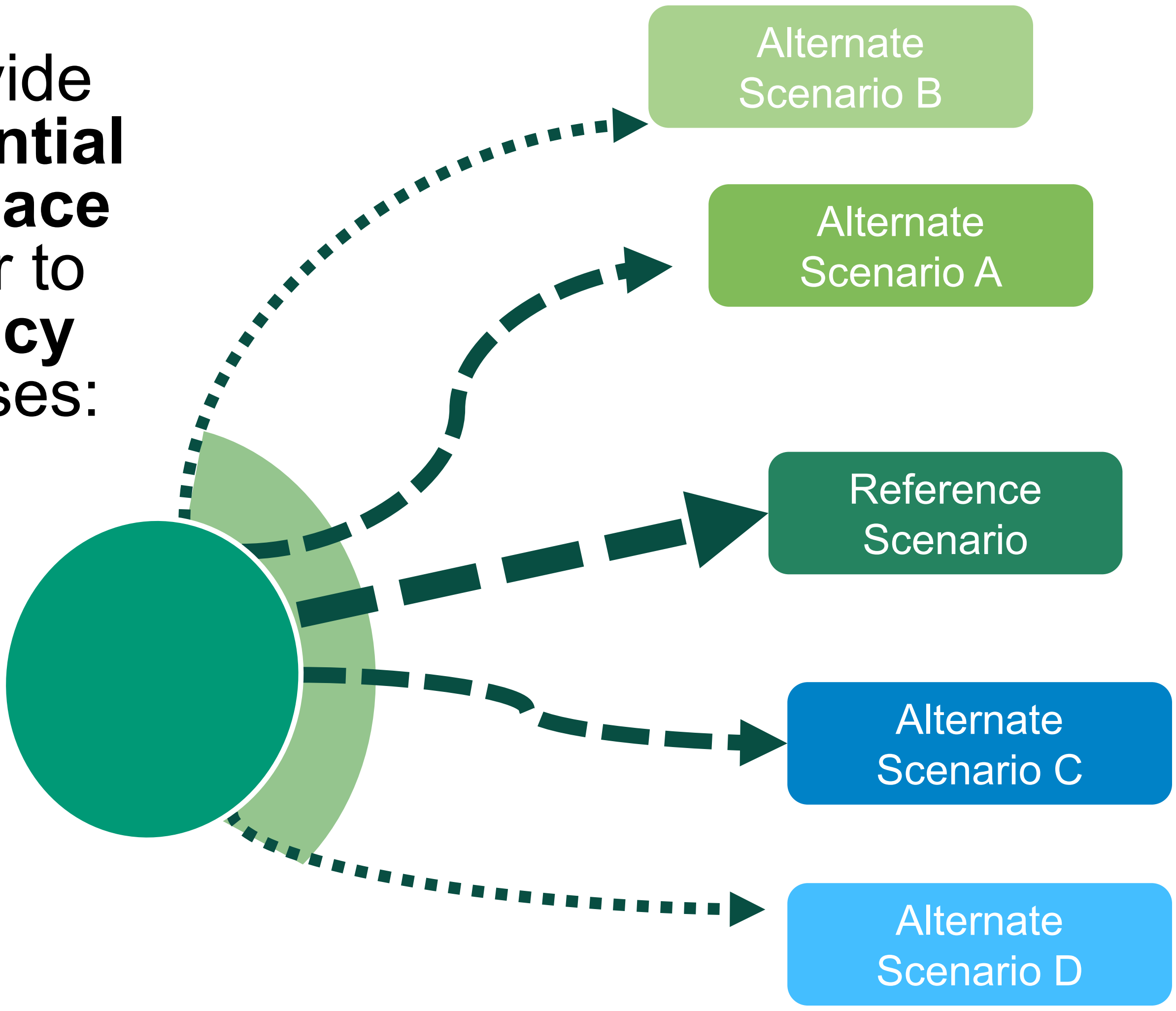
Footloose / Work at Home

52,300

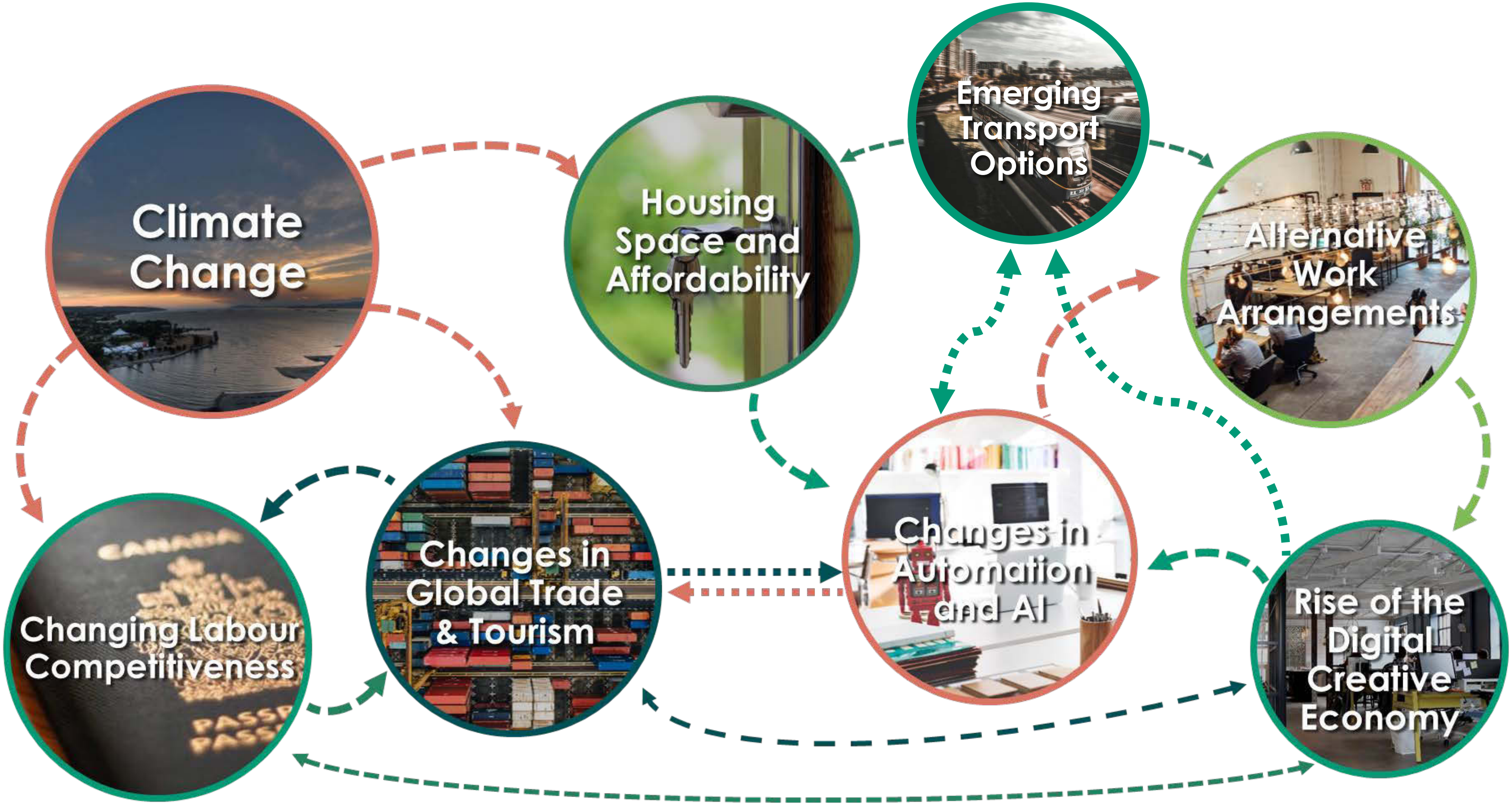
Primary Sectors:
- Construction
- Work-at-home
- Realtors
- Telecommuters in various sectors

Scenario Testing

- Scenarios are designed to provide a **range of potential employment space demand** in order to **test the resiliency** of policy responses:



Scenarios Consider the Impact of External Forces



Scenario Testing Results

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Scenario	Jobs	Vancouver Share of Regional Employment in 2051:
Alternate Scenario B: (Higher Regional Growth + Increased Vancouver Share)	**+ 209,000 Jobs**	33.8%
Alternate Scenario A: (Higher Regional Growth + Constant Vancouver Share)	**+ 186,000 Jobs**	32.6%
Reference Scenario: (Current Trends Continue, For the Most Part)	**+ 158,000 Jobs**	32.5%
Alternate Scenario C: (Slower Regional Growth + Reduced Vancouver Share)	**+ 118,000 Jobs**	32.0%
Alternate Scenario D: (Slower Regional Growth + Reduced Vancouver Share & FSW)	**+ 116,000 Jobs**	31.8%

Floor Space Demand – Reference Scenario
(Current Trends Continue, For the Most Part)

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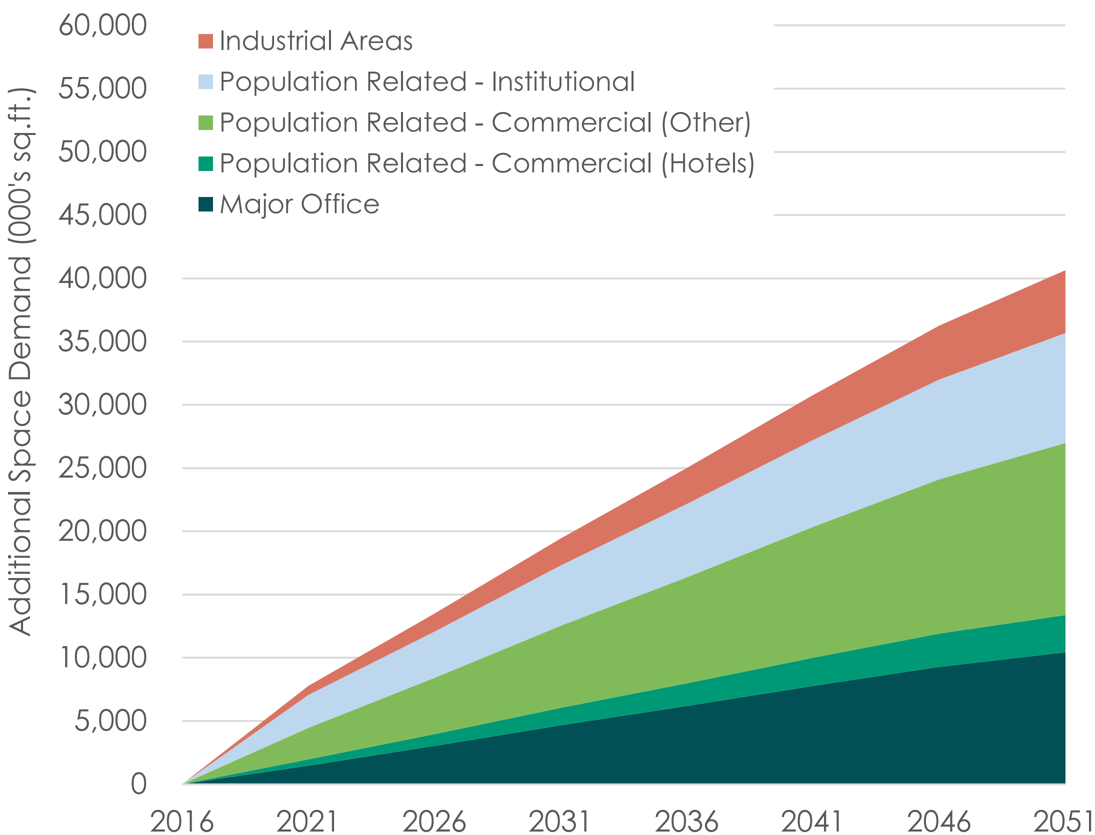
Vancouver Share of Regional Employment in 2051: 32.5%

+ 158,000 Jobs to 2051



Key Notes:

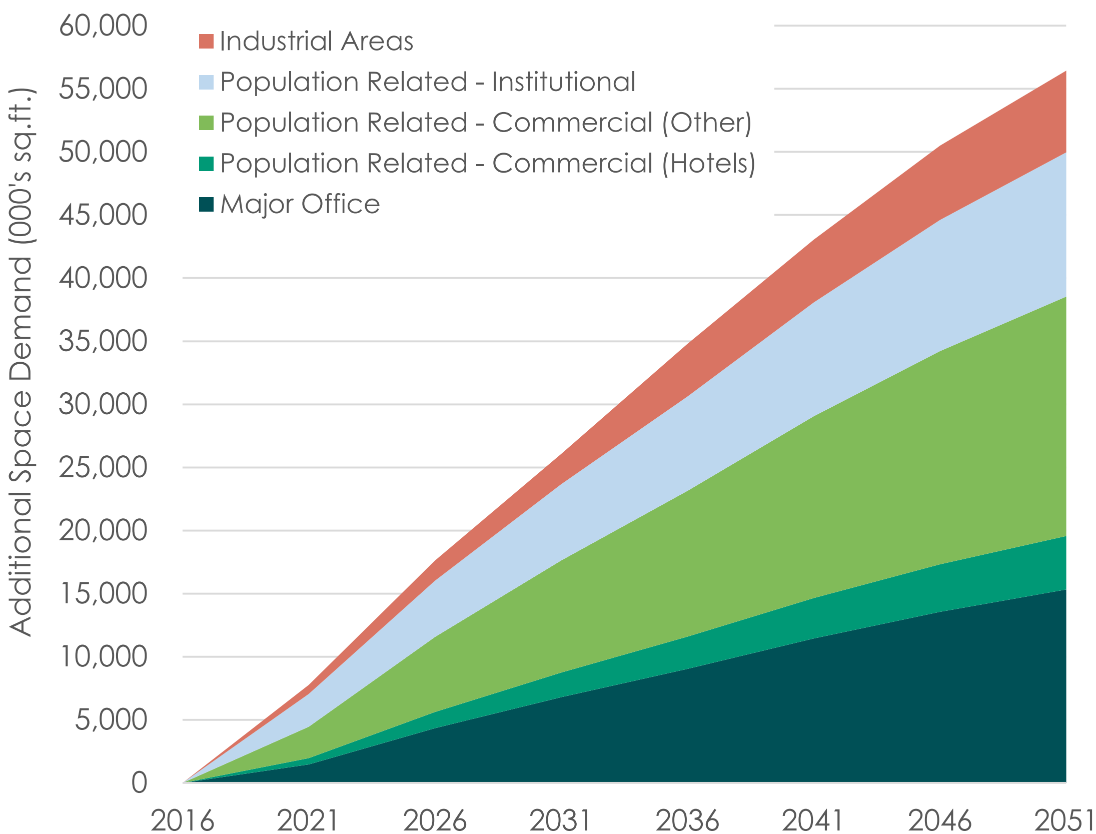
- Demographics and employment trends **follow similar patterns** as seen today
- Sectoral activity and regional shares remain relatively constant
- Disruptions from **external forces are limited** or offset by growth in other sectors
- **Aligns with Metro Vancouver Forecast** Scenario A – adjusted to reflect recent growth

Floor Space Demand - Alternate Scenario B
(Higher Regional Growth + Increased Vancouver Share)

CITY OF VANCOUVER

Vancouver Share of Regional Employment in 2051: 33.8%

+ 209,000 Jobs to 2051



Key Notes:

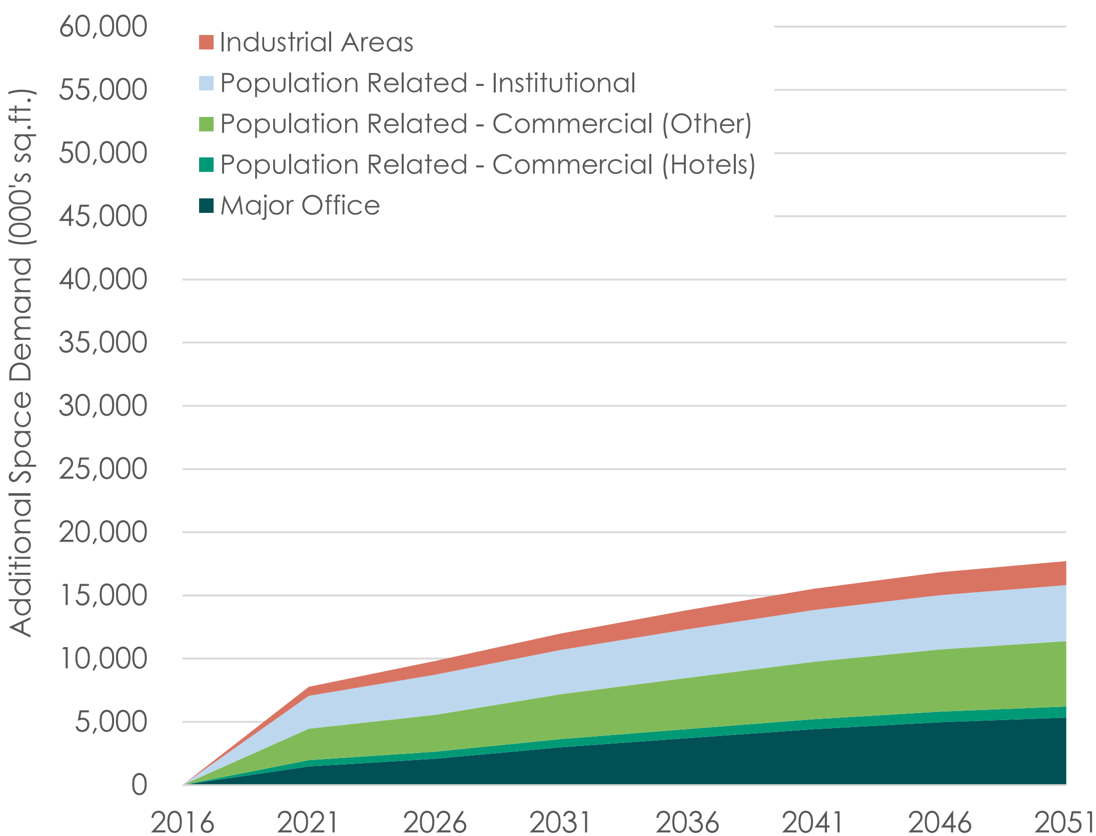
- A healthy mix of housing options **reduce local affordability concerns** for residents, creating new economic demand for services
- The concentration of global talent positions Vancouver to take advantage of the **rising tide of digital innovation** and investment
- In addition to office demand, a **greater share of population-serving employment is required** to support the inflow of new residents

Floor Space Demand - Alternate Scenario D
(Slower Regional Growth, Reduced Vancouver Share & FSW)

CITY OF VANCOUVER

Vancouver Share of Regional Employment in 2051: **31.8%**

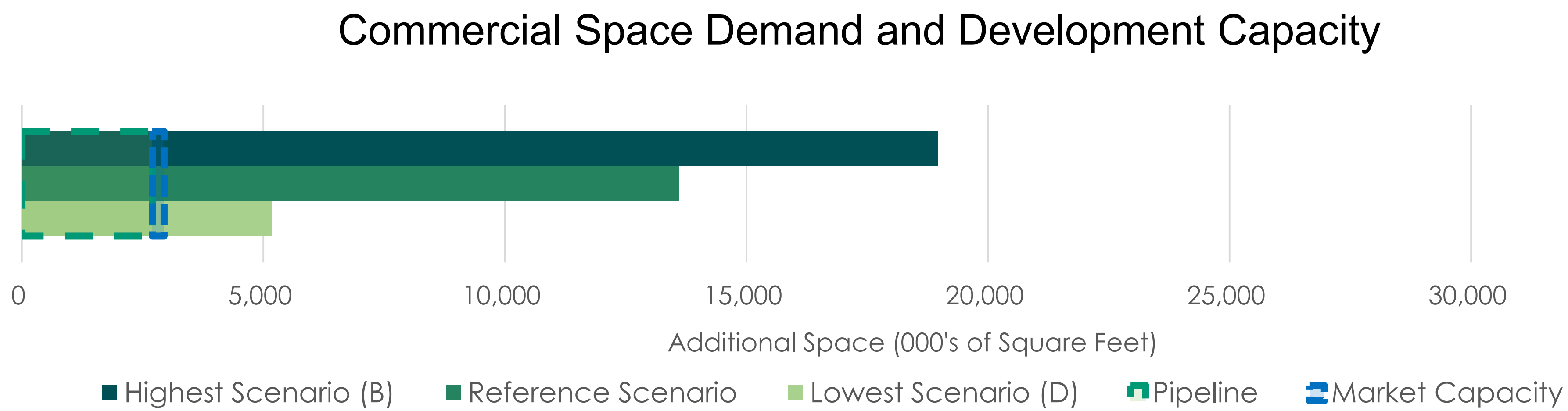
+ 116,000 Jobs to 2051



Key Notes:

- Policy changes amongst global competitors **undercut trade-enabling job growth**
- Increased **space costs, automation and telecommuting** enable employers to significantly **reduce the required floor space per worker**
- The trend towards the **gig-economy and non-traditional work arrangements** continues, resulting in more people working from home or with no fixed place of work.

What are we Learning?
Results from Consultant Supply and Demand Scenarios



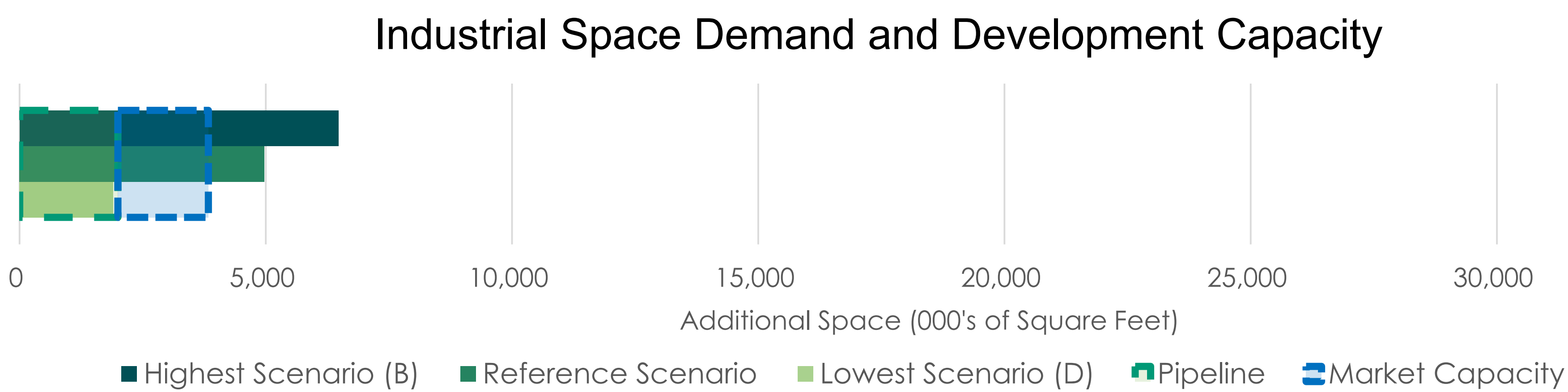
Demand

- Model projects demand for an **additional 5.2 M to 19.0 M sq. ft.** to 2051 (space for 34,600 to 63,100 additional jobs)

Supply

- Mixed use redevelopment likely to produce limited commercial floor space.
- Future capacity for retail and small office space likely to be in short supply.
- **Little to no <u>net</u> increase in floor space.**

What are we Learning?
Results from Consultant Supply and Demand Scenarios



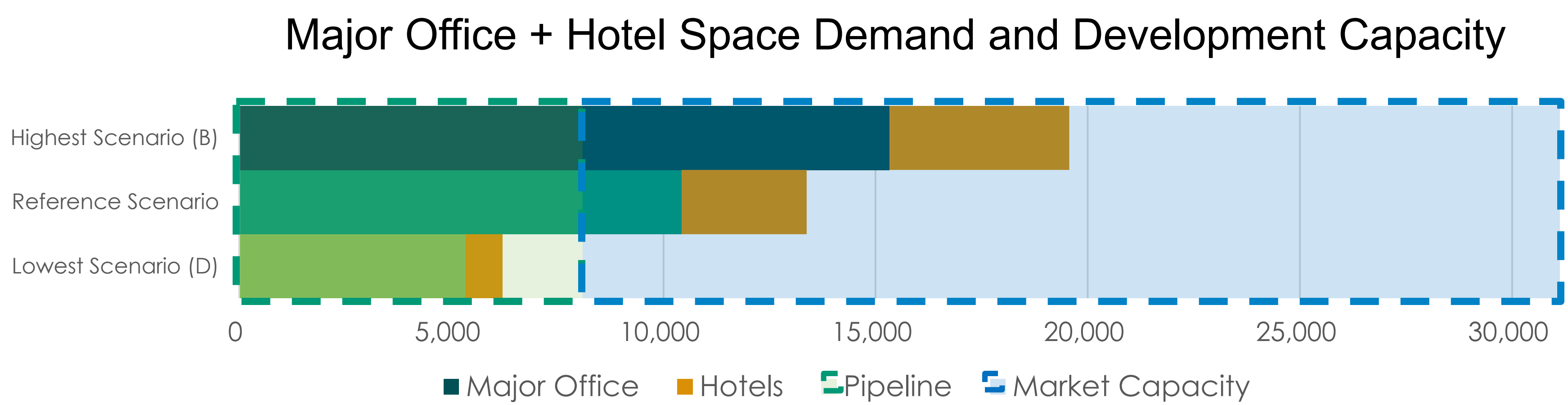
Demand

- Model projects **demand for 1.9 million to 6.4 M additional sq. ft.** to 2051 (space for 5,900 to 10,800 jobs)

Supply

- **Limited capacity for growth** due to limited land supply and economics of developing multi-level space
- Impacts of sea level rise and flooding **may mean that city and region have even less industrial land capacity in the future**

What are we Learning?
Results from Consultant Supply and Demand Scenarios



Demand

- Model projects **demand for 5.4 to 15.4 M additional sq. ft. of Major Office** space and **0.9 to 4.3 M additional sq. ft. of Hotel** space to 2051 (space for 44,500 to 81,400 jobs) – these uses <u>compete for similar space</u>

Supply

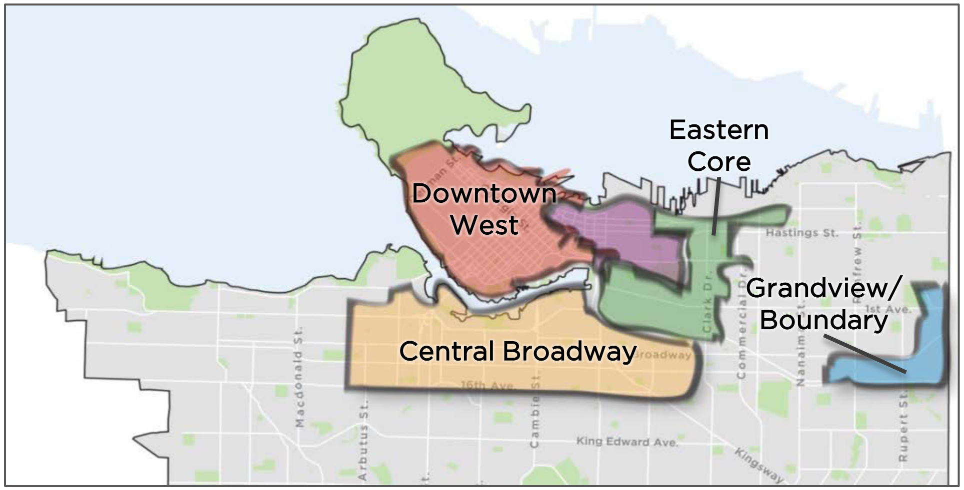
- Current development **pipeline is substantial**, with **significant capacity** in city overall based on existing policy
- **Need to determine <u>appropriate</u> capacity** for growth
  - City in Region
  - Sub-Areas within the City

What are we Learning?

CITY OF VANCOUVER

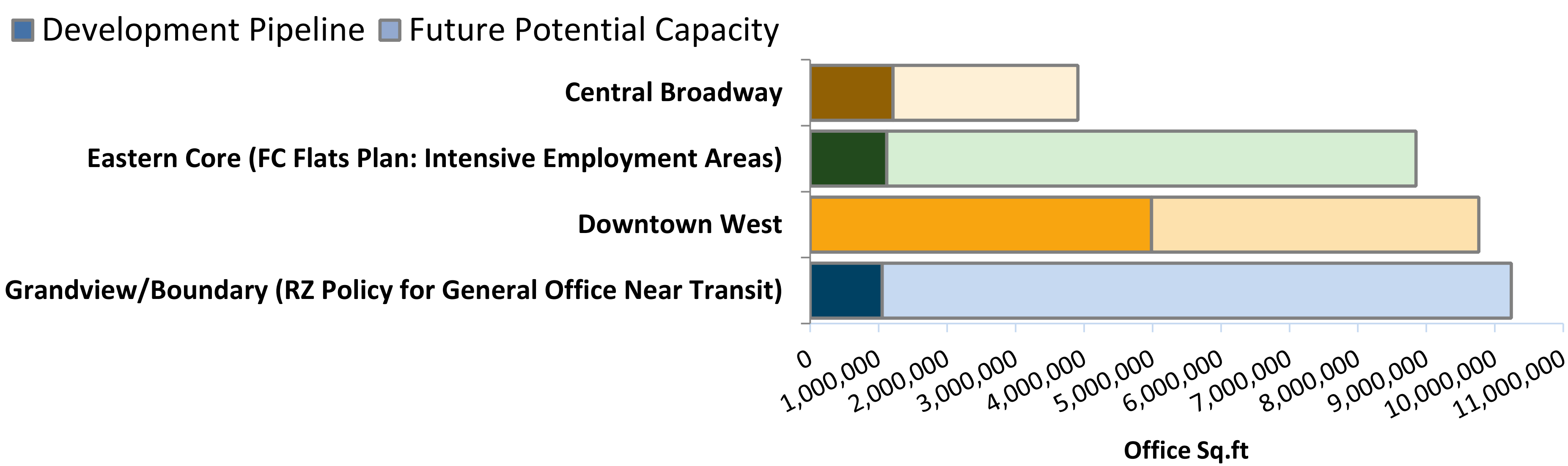
Areas Where Major Office Capacity Exists Under

Current Policy



Next Phase of ELER and City-wide Plan Need to Consider:

- Vancouver's Role in Region
- Job Mix and Role of Key Sub-Areas



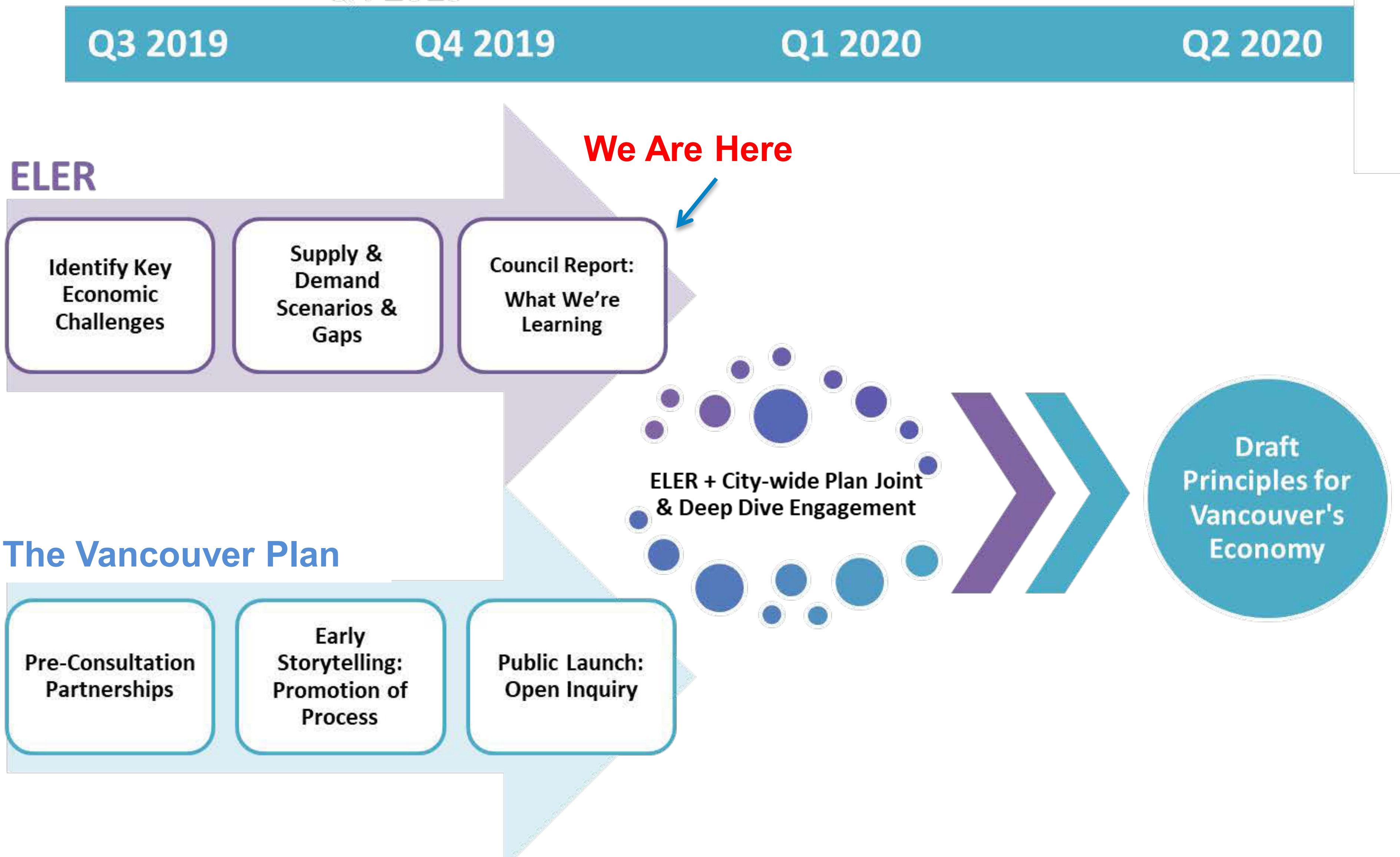
What are we Learning?

Initial List of Economic and Employment Lands Challenges/ Themes:

1. Diversity of Job Opportunities, Workforce Supports & Economic Resiliency
2. Job Space Affordability
3. Viability of Small Independent Business & Capacity for Growth of Commercial Services to Serve a Growing Population
4. Viability of City Serving Industrial Businesses
5. Appropriate Capacity for Office & Hotel Growth

Integration with The Vancouver Plan

How the Employment Lands & Economy Review and City-wide Plan Initiatives Move Forward Together



Thank you