

# What We Heard:

## External Advisory Group Meeting #2

### Employment Lands & Economy Review

The City of Vancouver is developing a long-range land use policy plan to ensure the city has an appropriate supply of land and business space to support jobs and the growth of the economy. As part of this review, the City is engaging with a range of stakeholders, business sectors and members of the public to collect feedback at key project milestones and help inform the plan.

### About the External Advisory Group

The City of Vancouver has assembled an External Advisory Group (EAG) to help inform the Employment Lands & Economy Review. The EAG consists of a diverse range of perspectives including industry associations, labour representatives, Indigenous groups, not-for-profit organizations, representatives from the development industry and businesses from over 18 economic sectors. The role of the EAG is to provide input and insight at key milestones throughout the planning process.

### Session #2

The second meeting of the EAG was held on April 9th, 2019. Participants were asked to identify the top three external forces that they foresee having the most impact on the industry they represent, how these external forces could impact their industry, and whether they would lead to more or less growth for their industry into the future. Summaries of these discussions are outlined in this document. See the Appendix for a list of all the external forces presented by the project consultant at the workshop.

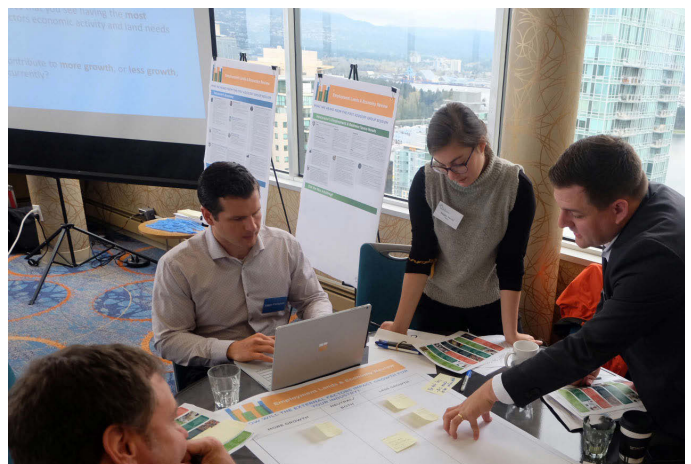


## The Workshop

### Activity:

Participants were provided with three post-it notes and a list of possible external forces that might have an impact on their industry over the next 30 years. They were asked to identify the industry they represent and the top three forces that could impact their industry on their post-it notes. Participants were then asked to decide whether they thought the external forces they selected were likely to lead to more growth, less growth, neutral or both high and low growth.

The results from this workshop activity are presented on the following pages. See the Appendix for materials used in this exercise.



## External Forces

This section outlines the results of the top three external forces that participants see potentially having the most impact on their sectors in Vancouver to 2050. ‘Unaffordable Housing and Space’ was the external force participants most identified as potentially having a top impact on their sector in Vancouver, making up 28% of responses. This was followed by ‘Changing Labour Advantages’ (15%), and the ‘Rise of the Digital and Creative Economy’ (14%).

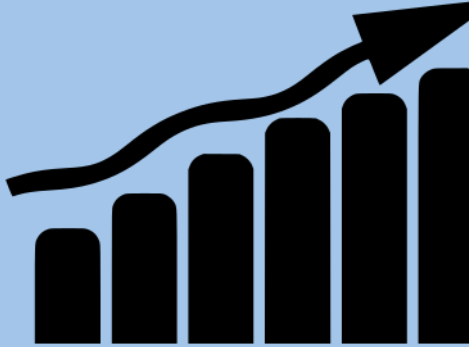
**TABLE 1. TOP EXTERNAL FORCES THAT COULD IMPACT INDUSTRIES IN VANCOUVER AS IDENTIFIED BY RESPONDENTS**

EXTERNAL FORCE	RESPONSE RATE	IMPACT ON GROWTH				
		MORE GROWTH	BOTH/ NEUTRAL	LESS GROWTH	N/A	TOTAL
Unaffordable Housing and Business Space	<b>28%</b>	-	19%	81%	-	100%
Changing Labour Advantages	<b>15%</b>	43%	28%	29%	-	100%
Rise of Digital and Creative Economy	<b>14%</b>	46%	31%	15%	8%	100%
Land Use Pressure	<b>11%</b>	10%	30%	50%	10%	100%
Alternate Work Arrangements	<b>10%</b>	56%	22%	22%	-	100%
Climate Change	<b>9%</b>	63%	12%	25%	-	100%
Changing Market Conditions	<b>7%</b>	29%	14%	57%	-	100%
Changes in Global Trade	<b>4%</b>	75%	-	25%	-	100%
Increased Automation and AI	<b>3%</b>	-	67%	33%	-	100%
Total	<b>100%</b>					



## External Forces and Impacts

### 1 UNAFFORDABLE HOUSING AND BUSINESS SPACE



Description: Unaffordable Housing and Business Space refers to various factors that are limiting affordable space for residents and businesses and may displace or hinder growth opportunities.

Top impacts identified by participants are difficulty attracting and retaining workers, worker displacement, labour shortages and increasing property taxes.

This external force was identified as a top 3 impact to growth by the following sectors:

- Transportation/Trade
- Retail
- Industrial
- Education
- Economic Development
- Development/Real Estate
- Coworking
- Arts, Cultural and Not for Profit
- Accommodation

#### Participant comments:

- Participants filled out post-it notes identifying the top 3 external forces that could impact their sector in Vancouver to 2050. The bulleted comments represent the participants' description of how the external force could impact their sector.
- Duplicate and similar comments were consolidated.
- Some comments were paraphrased to make them easier to read.

### Potential Impacts Identified:

#### Less Growth

- Businesses are experiencing difficulty in attracting and retaining all types of labour. This leads to increased displacement of workers out of the city.
- Non-profit organizations are increasingly experiencing limited resources, shrinking donor bases and donations. There is competition for space in "affordable neighbourhoods". Proximity is key in social services/health care.
- Redevelopment and increased rents are having a negative impact on affordability.
- Skyrocketing property values and increasing tax assessments are putting pressure on small businesses.
- Offshore buyers and speculators in commercial real estate are impacting land values. Rents are not linked to the local economy.
- Increasing conflict over uses causes displacement and competition. Displaced businesses may struggle to find new space due to NIMBYism.
- The affordability crisis is a significant deterrent to companies and "talent", particularly in the digital and creative industries.
- Housing unaffordability creates barriers for local jobs/low income workers from Vancouver.
- Industrial business are being displaced from Vancouver (and sometimes from the region).
- Workers desire to live closer to work and transit. Need to introduce housing in more zones.
- There is less space for warehousing close to the port which means greater travel distances and fewer jobs in the city.

#### Both/Neutral

- Heavier industries are relocating to more appropriate/affordable spaces.
- Staffing challenges and increased rent/tax may have an impact on some businesses.
- Redevelopment pressures are causing a loss of older buildings. Newer buildings are not built for small retail. There is a loss of affordable land for craft industries (arts and culture, breweries, etc.).

## 2 CHANGING LABOUR ADVANTAGES



Description: Changing Labour Advantages refers to the competitive advantages and disadvantages Vancouver has in attracting business through high skilled and comparatively affordable labour. This includes global outsources, comparative labour costs, and migration policies.

Top impacts identified include increasing demand for local products, services and job space, lack of skilled workers, and unequitable growth increasing demand for social services and transportation.

This external force was identified as a top 3 impact to growth by the following sectors:

- Arts, Cultural and Not for Profit
- Economic Development/
- Development/Real Estate
- Education
- Industrial

### Potential Impacts Identified:

#### More Growth

- Increased demand for local products and services creates increased need for city-serving industrial space (repair, laundry, bus tourism, food distribution).
- The location of industrial buildings is important to allow low-skilled industrial workers to commute from outside the city.
- There will be more demand for office space, more jobs, and more growth in the future.
- Potential for future growth if the government allows more temporary workers.

#### More Growth Cont'd...

- There is growing demand for locating in Vancouver's core. Less land means the ability to grow vertically. This will also mean considering compatibility of employment uses with housing and responding to changing space requirements of the market.

#### Both/Neutral

- Economic growth in the future may not be equitable and inclusive. This will impact low-income workers and will increase demand for critical services from the social sector.
- There is increased demand to live and work near Vancouver's core and not depend on the car. This may increase the need for rapid transit.
- Vancouver currently possesses significant current labour advantages - however, these are not necessarily permanent.
- Workers are increasingly locating in other areas outside the city. This increases the cost of transportation.

#### Less Growth

- Lack of qualified labour will increase business costs, reduce business flexibility, and lower the quality of goods/services produced. Immigration changes are required.
- There is a skills shortage in trades that is increasing costs and slowing development. The influx of new residents puts pressure on the existing/new housing stock.
- There has been reduced international student enrollment due to restrictions on visas. There may need to be efforts to increase recruitment outside of China or Middle East.
- Workers are moving further from work.

### 3 THE RISE OF THE DIGITAL AND CREATIVE ECONOMY



Description: The Rise of the Digital and Creative Economy refers to macro level shifts towards digital, creative and high skill sectors, along with impacts of increasing digital sales and connectivity on various other sectors. This includes the emergence of e-commerce and the internet of things.

Top impacts identified are increasing demand for space and electrical power, overall more compatibility with other land uses, displacement of artist production space, and the need for more flexible zoning.

This external force was identified as a top 3 impact to growth by the following sectors:

- Arts, Cultural and Not for Profit
- Development/Real Estate
- Economic Development
- Education
- Industrial

#### Potential Impacts Identified:

##### More Growth

- Industries are rapidly changing and not always reflected in the zoning by-law.
- Additional space is needed for institutional and research uses. There are new space requirements for both start-up businesses (looking for small/cheap/flexible spaces) and for larger, established businesses (large tech floor plate).
- Businesses are considering their need for warehousing vs. front-of-house space. This may mean using the same space but finding a different configuration.
- There are changing demands on the city's supply of industrial land. This is partly reflected in emerging sectors in Vancouver's economy.
- The rise of the digital and creative economy will likely bring with it rapid growth.
- There is a need for increased flexibility of uses and adaptation of traditional planning strategies.

##### Both/Neutral

- There is increased demand for commercial space - both office and retail.
- Economic restructuring and modernization leads to cleaner industries. This may mean less potential land use conflicts.
- There is a need for higher power requirements and digital infrastructure across city and in industrial buildings.
- "Mom and pop" businesses have few resources to compete with e-commerce.

##### Less Growth

- There is an increase in demand for hotel rooms but limited supply. This could contribute to less growth for the sector in the future.
- There is a decrease in available artistic production spaces in bricks and mortar locations.

##### Not Applicable

- Zoning does not reflect current market conditions. Parking and truck access is overly restricted.

## 4 Land Use Pressure



Description: Land Use Pressure refers to the increasing amount of pressure put on different types of land use as a result of limited land supply, development pressure, and a desire to locate in a central, amenity-rich location to benefit from grouping similar economic activities together.

Top impacts identified are the loss of certain types of space (e.g. cultural, production), competing land uses, and a lack of regulatory flexibility.

This external force was identified as a top 3 impact to growth by the following sectors:

- Arts, Cultural and Not for Profit
- Coworking
- Development/Real Estate
- Transportation/Trade

### Potential Impacts Identified:

#### More Growth

- There is a rise in local area shopping. We need home-grown incentives for co-location.

#### Both/Neutral

- The market is unable to provide the types of space needed within the current policy context.
- There is a need for permitting flexibility.
- Port infrastructure is growing within a highly urbanized area (competing land uses).

#### Less Growth

- There has been a loss of production and cultural space. Space is needed for sculptors, woodworking, and metal-working.
- Land use pressures are increasing risks and limiting the supply of land for certain uses.

## 5 Alternate Work Arrangements



Description: Alternate Work Arrangements refers to the rise of non-traditional employment arrangements, including contract and gig based work; coworking; the sharing economy; and disruptive delivery models (AirBNB, Uber, etc.).

Top impacts identified are the rise of disruptive technologies and changing work-force needs.

This external force was identified as a top 3 impact to growth by the following sectors:

- Accommodation
- Coworking
- Development/Real Estate
- Economic Development
- Industrial

### Potential Impacts Identified:

#### More Growth

- Competition from Airbnb.
- There is a rise in co-locating to offset small home workspaces.
- Coworking and tighter employee densities will allow businesses to continue to thrive.
- An increasing population means more jobs and business spaces are needed for all sectors.
- Today's workforce looks for amenities near work. Industrial land use policies should allow this.

#### Both/Neutral

- Coworking could become the standard model.
- There is less demand for job space outside core.

#### Less Growth

- Airbnb may negatively impact accommodations industry.
- Need for traditional office space may decline.



## 6 Climate Change



Description: Climate Change refers to factors relating to the impact of climate change on business activity or the available supply of employment land. Factors include sea level rise and increasing forest fires.

Top impacts identified include the loss of employment land and infrastructure due to sea level rise, demand for green business, and impacts to tourism-related industries.

This external force was identified as a top 3 impact to growth by the following sectors:

- Arts, Cultural and Not for Profit
- Development/ Real Estate
- Economic Development
- Industrial
- Transportation/ Trade

### Potential Impacts Identified:

#### More Growth

- Environmentally unsustainable growth increases demand for non-profit/environmental sectors.
- We must adapt to the loss of land and rethinking land uses and densities.
- Climate change related building regulation creates a need for building retrofits and skill upgrades.
- Increase in green businesses and jobs.
- The increased demand for Vancouver-designed products and services increases the demand for business space in the city.

#### Both/Neutral

- Climate change may negatively impact tourism. However, infrastructure improvements for tourism may create jobs.

#### Less Growth

- Loss of industrial and port facilities due to sea level rise.

## 7 Changing Market Conditions



Description: Changing Market Conditions refers to uncertainty around monetary policy decisions, land use regulation, and changing supply and demand for different types of land use and job space.

Top impacts include increased demand for certain types of space (e.g. studio, manufacturing, etc.), limited future economic growth, and competing land uses.

This external force was identified as a top 3 impact to growth by the following sectors:

- Arts, Cultural and Not for Profit
- Development/ Real Estate
- Industrial

### Potential Impacts Identified:

#### More Growth

- Increased jobs in arts/culture means an increased need for studio space.
- There is a growing need for manufacturing, design, and prototyping space in Vancouver.

#### Both/Neutral

- Zoning is decades out of date.

#### Less Growth

- Changing market conditions may impact the financial viability of certain developments. This may reduce new job space supply.
- Policy is often slow in balancing the need for housing vs. office vs. other uses/priorities.
- Changing market conditions may limit future economic growth.



## 8 Changes in Global Trade



Description: Changes in Global Trade refers to factors that could increase or decrease the volume of trade through Vancouver, including policy changes or change in demand, such as shift towards renewables. This includes factors such as international policy, protectionism, and shifts in energy types.

Top impacts identified include increased port activity, the rise of e-commerce and housing affordability.

This external force was identified as a top 3 impact to growth by the following sectors:

- Development/Real Estate
- Transportation/Trade

### Potential Impacts Identified:

#### More Growth

- Current rail capacity and proximity (West Coast Express limits capacity).
- Growing Canadian export/imports.
- There has been increased port activity and a diversity of industries coming through the gateway. Rise in e-commerce is expanding the number of goods coming through the port.

#### Less Growth

- Housing affordability is severely impacting the availability of labour.

## 9 Increased Automation and AI



Description: Increased Automation and AI refers to automation resulting in reduced labour needs in low and high skilled sectors. It may not necessarily result in reduced economic activity or need for space. This includes factors related to autonomous vehicles, advances in building technology, and the growth of AI.

Top impacts identified include a reduction of the workforce, changes to workplaces, and the emergence of new business models.

This external force was identified as a top 3 impact to growth by the following sectors:

- Development/Real Estate
- Industrial

### Potential Impacts Identified:

#### Both/Neutral

- The typical brokerage model has evolved. Employees and brokers are online and physical space needs may decline or change. More amenity space may be needed in the future.
- Traditional workplaces may change. May need less workers and less small business.

#### Less Growth

- Reduction in the workforce and economic activity.

## Appendix 1: List of External Forces Provided to Participants

### EXTERNAL FORCES

#### Unaffordable Housing and Space

Description	Factors	Example of Potential Impacts
Refers to various factors that are limiting affordable space for residents and businesses that may displace or hinder growth opportunities.	<ul style="list-style-type: none"> <li>Real estate dynamics</li> <li>Changing interest rates</li> <li>Foreign investment</li> </ul>	<ul style="list-style-type: none"> <li>Residents and businesses look further out in region for affordable space</li> <li>Reduced local labour pool growth discourages investment across various sectors</li> </ul>



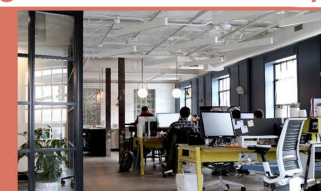
#### Increased Automation and AI

Description	Factors	Example of Potential Impacts
Refers to automation (including AI) resulting in reduced labour needs in low and high skilled sectors. May not necessarily result in reduced economic activity or need for space.	<ul style="list-style-type: none"> <li>Autonomous vehicles</li> <li>Advances in building tech</li> <li>Introduction of AI</li> </ul>	<ul style="list-style-type: none"> <li>Reduced labour demand in various sectors</li> <li>Creation of new demand in other sectors</li> <li>Increased floor space per worker in some areas</li> </ul>



#### The Rise of the Digital & Creative Economy

Description	Factors	Example of Potential Impacts
Refers to macro level shifts towards digital, creative and high skill sectors, along with impacts of increasing digital sales and connectivity on various other sectors.	<ul style="list-style-type: none"> <li>E-commerce</li> <li>Internet of Things</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for office jobs and space</li> <li>Decreased demand for brick and mortar retail space</li> <li>Increased transportation and logistics demand</li> </ul>



#### Changes in Global Trade

Description	Factors	Example of Potential Impacts
Refers to factors that could increase or decrease volume of trade through Vancouver, including policy changes or change in demand, such as shift towards renewables.	<ul style="list-style-type: none"> <li>International policy</li> <li>Protectionism</li> <li>Shifts in energy types</li> </ul>	<ul style="list-style-type: none"> <li>Transportation and logistics employment up or down</li> <li>Changing space need for container or materials related storage</li> <li>Knock-on effects to various port-adjacent employment sectors</li> </ul>



#### Changing Labour Advantages

Description	Factors	Example of Potential Impacts
Refers competitive advantages and disadvantages Vancouver has in attracting business through high skilled and comparatively affordable labour.	<ul style="list-style-type: none"> <li>Global outsourcing</li> <li>Comparative labour costs</li> <li>Migration policies</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for satellite offices of global companies</li> <li>Increased in-migration of skilled workers</li> <li>Risk of outsourcing of other sectors being outcompeted</li> </ul>



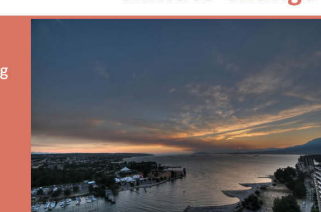
#### Alternate Work Arrangements

Description	Factors	Example of Potential Impacts
Refers to the rise of non-traditional employment arrangements, including contract and gig based work, as well as co-working and disruptive delivery models (AirBnB, Uber, etc.)	<ul style="list-style-type: none"> <li>The gig economy</li> <li>The sharing economy</li> <li>Disruptive technologies</li> </ul>	<ul style="list-style-type: none"> <li>Increase in tourism activity but negative impact on some hotels</li> <li>Reduced demand for long-term office space as people choose to work from home, or use co-working space</li> </ul>



#### Climate Change

Description	Factors	Example of Potential Impacts
Factors related to climate change with specific regard to their impact on business activity or potential to compromise the City's employment land supply.	<ul style="list-style-type: none"> <li>Increase forest fires</li> <li>Sea level rise</li> <li>Global climate refugees</li> </ul>	<ul style="list-style-type: none"> <li>Reduced activity from low laying and waterfront employment activities</li> <li>Increased instances of flooding and forest fires negatively impact tourism</li> </ul>



## Appendix 2: How Participants Categorized Impact on Industry

### HOW WILL THE EXTERNAL FACTORS IMPACT GROWTH FOR YOUR INDUSTRY?

MORE GROWTH	NEUTRAL/ BOTH	LESS GROWTH
NOT APPLICABLE		



# Employment Lands & Economy Review: External Advisory Group

