

AN ECONOMIC PERSPECTIVE ON LAND USE PLANNING IN THE CITY OF VANCOUVER

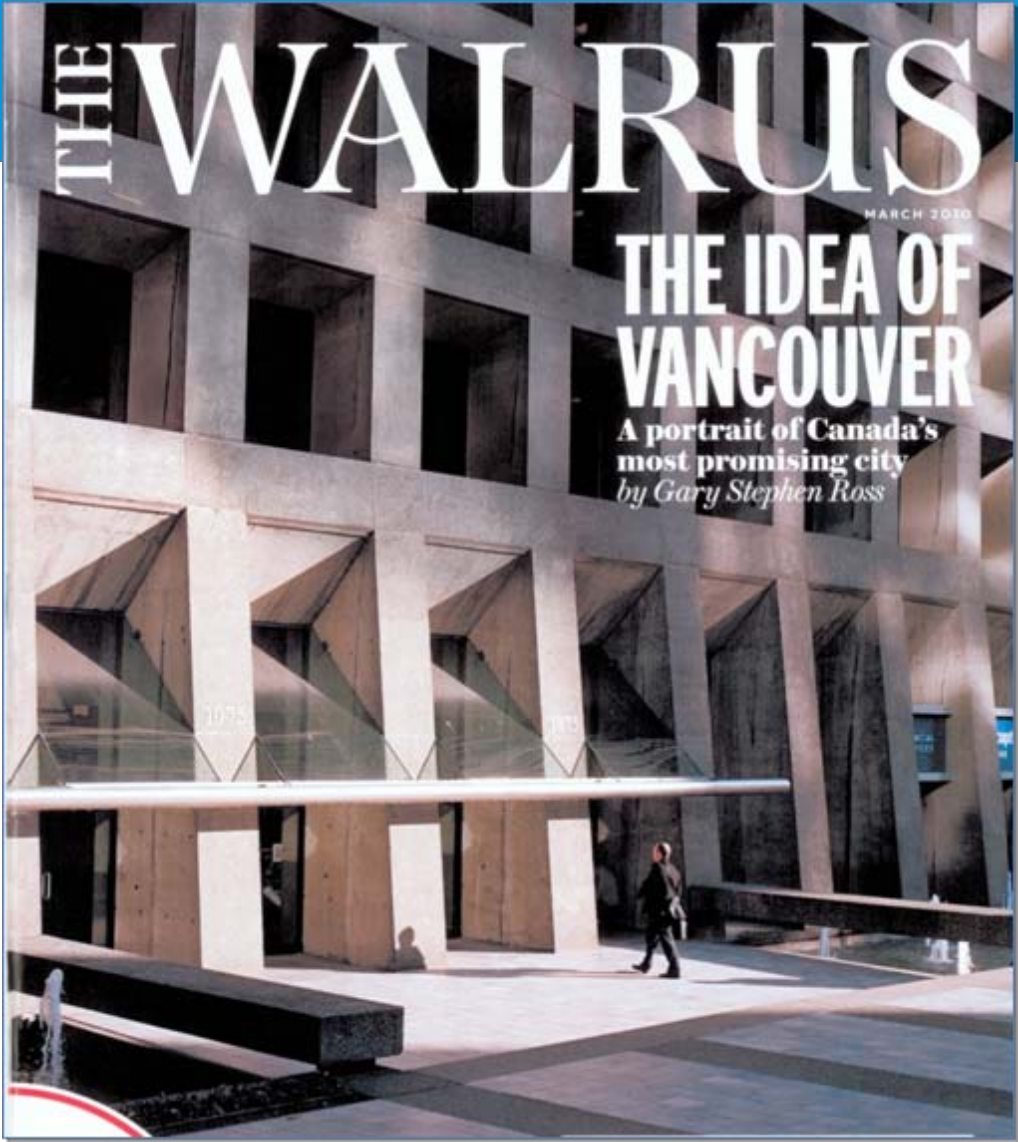
Presentation to Prof. Condon's class
October, 2010

Two caveats

- Economics focus
 - Environment, social issues also important
 - Economy is essentially regional, so start with regional perspective before focusing on City of Vancouver
- Personal perspective

Overview

1. Vancouver's economy
 - Current performance
 - Global trends, opportunities and challenges
2. Land use implications
 - General
 - Metro Core
 - Residential areas
 - Industrial areas



The Idea of Vancouver



*You can't help but marvel at her good fortune,
her beauty. You admire the earnestness of her
endeavours. You envy the wealth of her
possibilities.*

You wonder what she will become.

Gary Stephen Ross

Vancouver's Economy



- 1.1 Economic resources
- 1.2 Human resources
- 1.3 Global trends, opportunities, challenges
- 1.4 Strategies

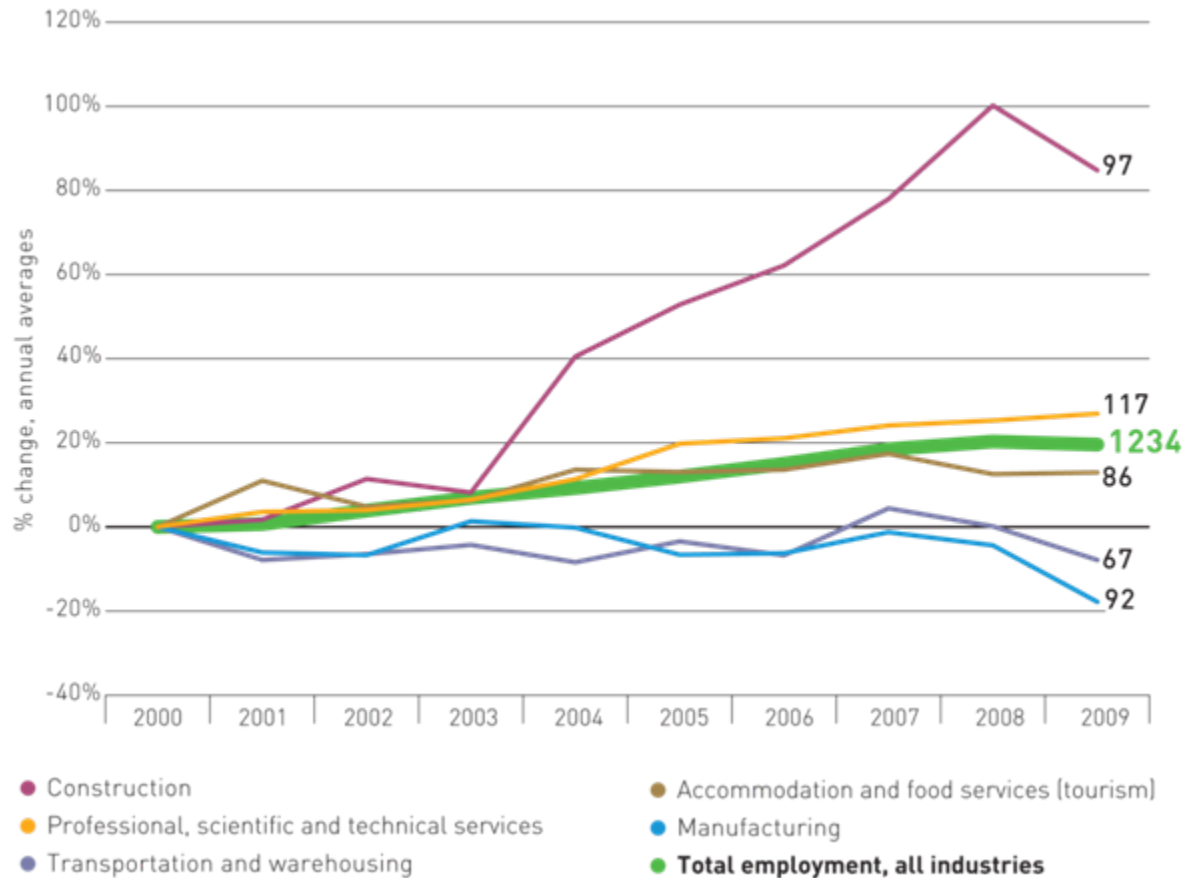
1.1 A small diverse economy...

- \$90B services-producing regional economy
 - ranked 64th globally (2005)
- Diverse, with key sectors:
 - Lifestyle-related: tourism, education, retirement, footloose entrepreneurs
 - Transportation hub, Asia-Pacific gateway
 - Business centre for BC economy
 - Growing high-tech & creative sectors
 - Emerging green sectors
 - Small, vibrant manufacturing sector
 - Agri-food
 - Social economy

...with sectors growing at very different rates.

Employment by Industry, Metro Vancouver

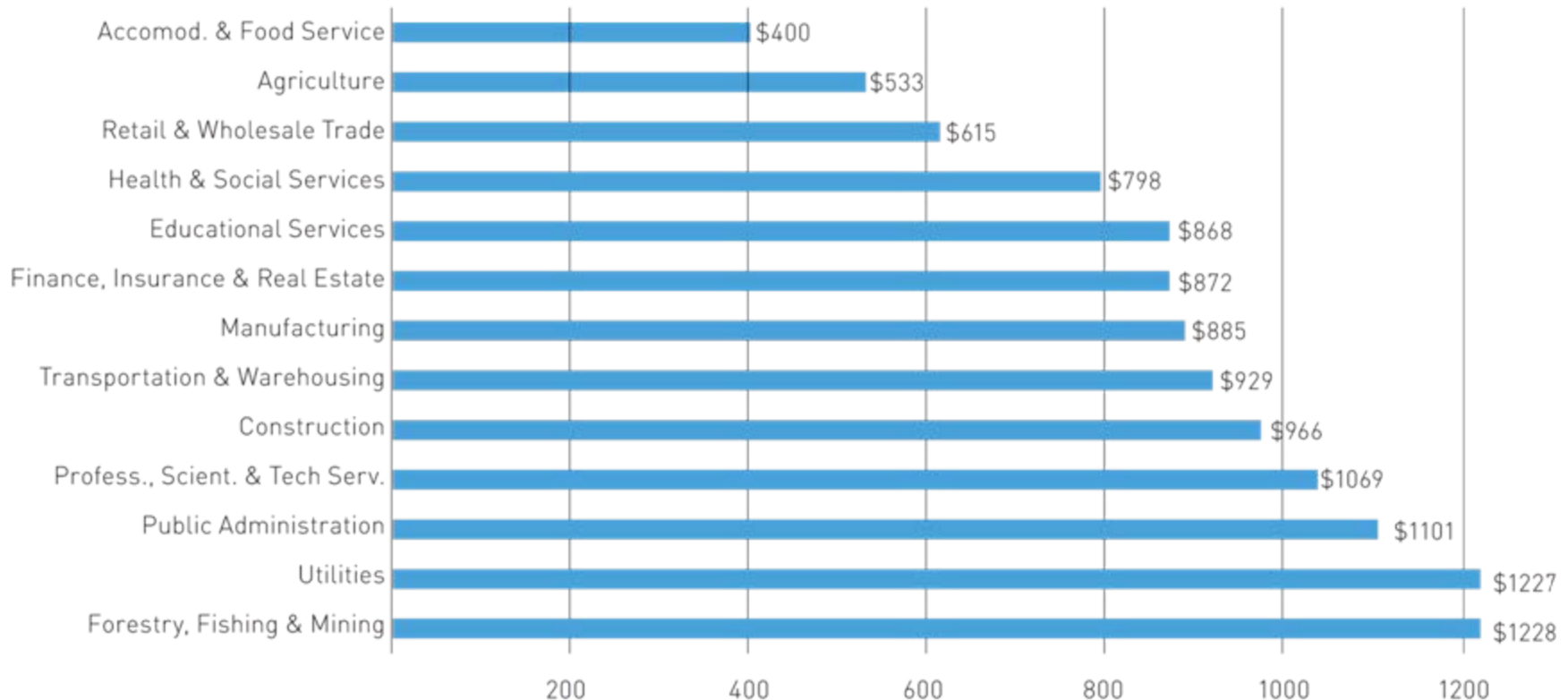
(thousands of persons)



Source: BC Statistics

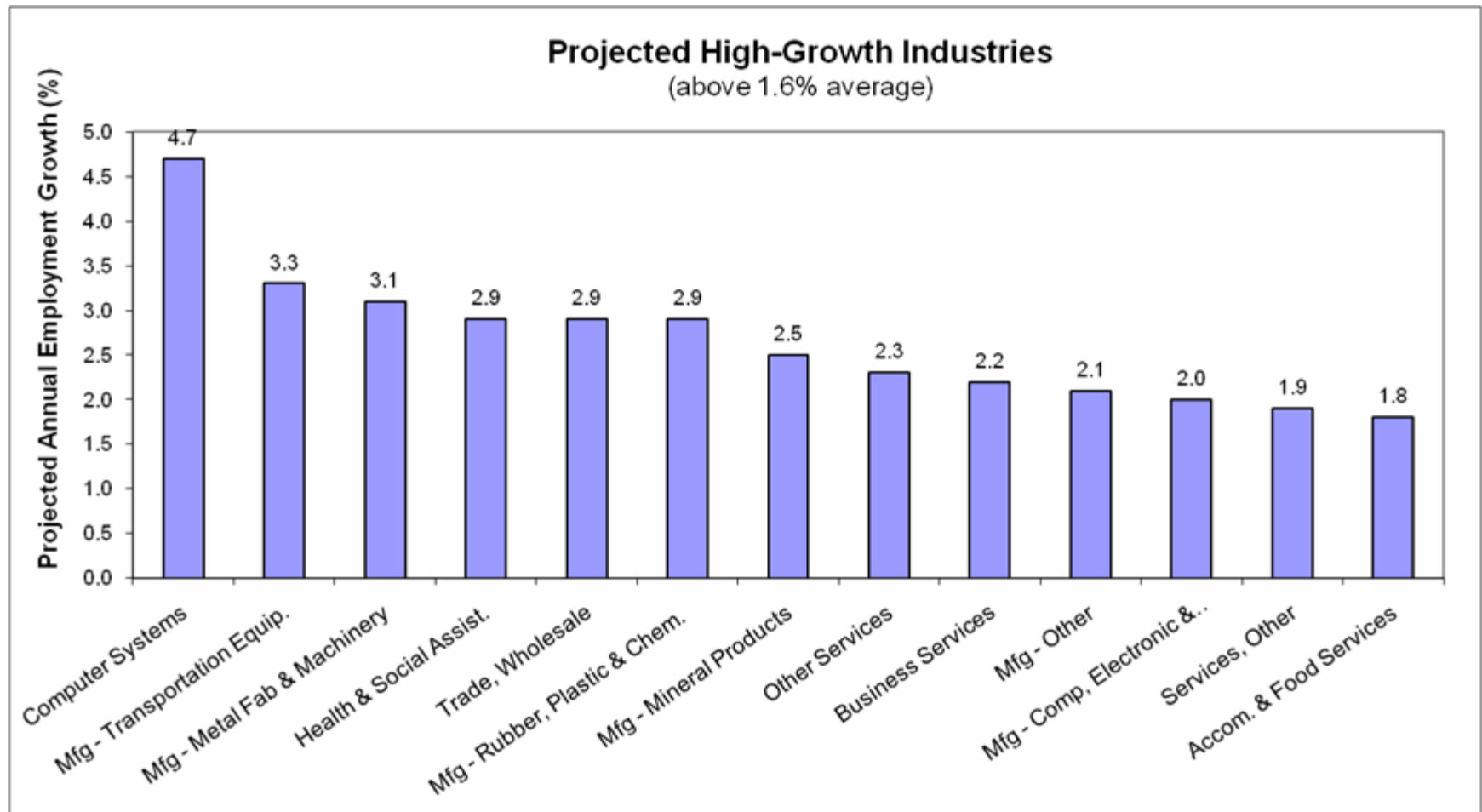
and offering significantly different incomes.

British Columbia Average Weekly Wages by Sector, 2008-2009

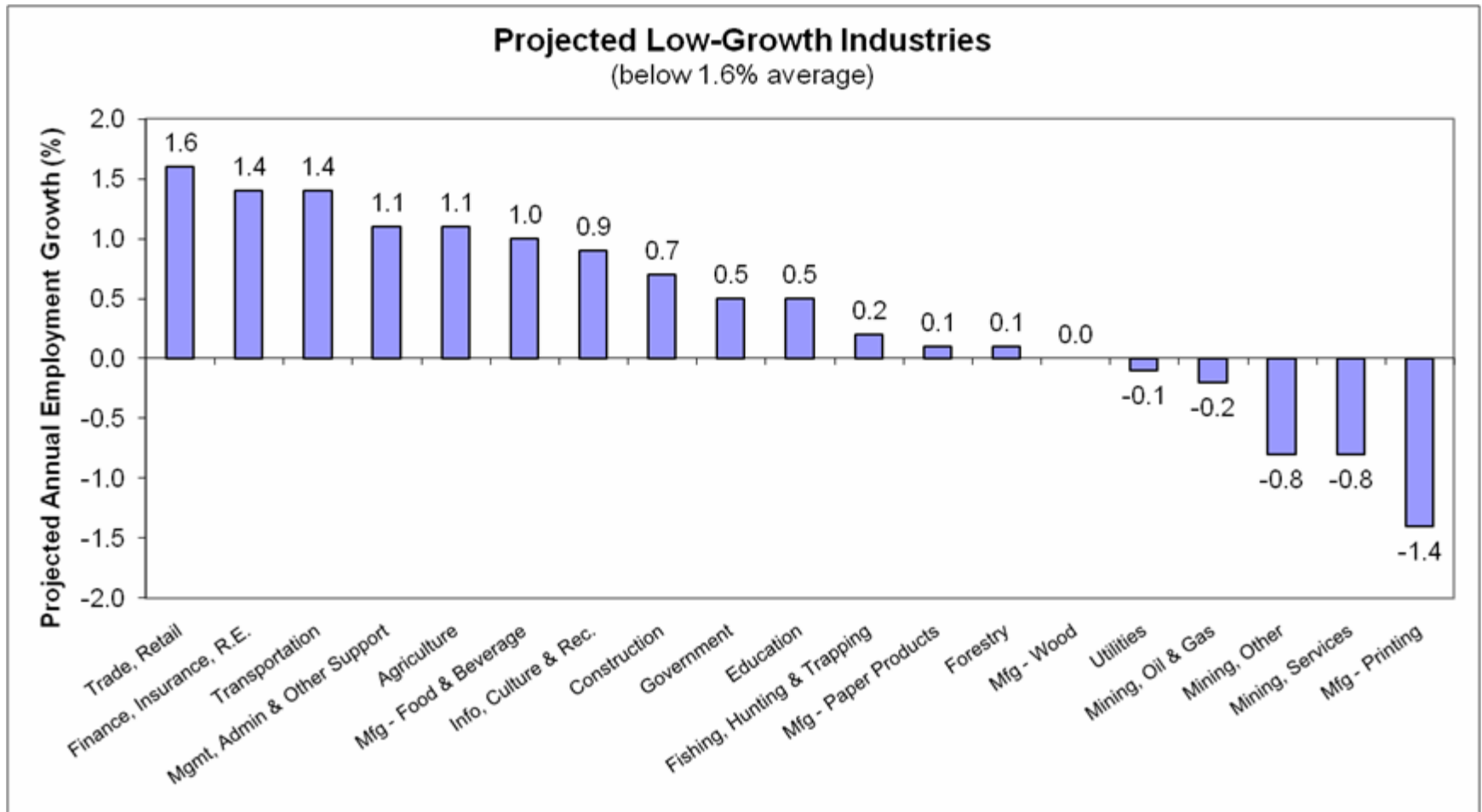


Source: BC Stats, Earnings and employment trends, 12-month moving average, August 2009

Sectors expected to grow...



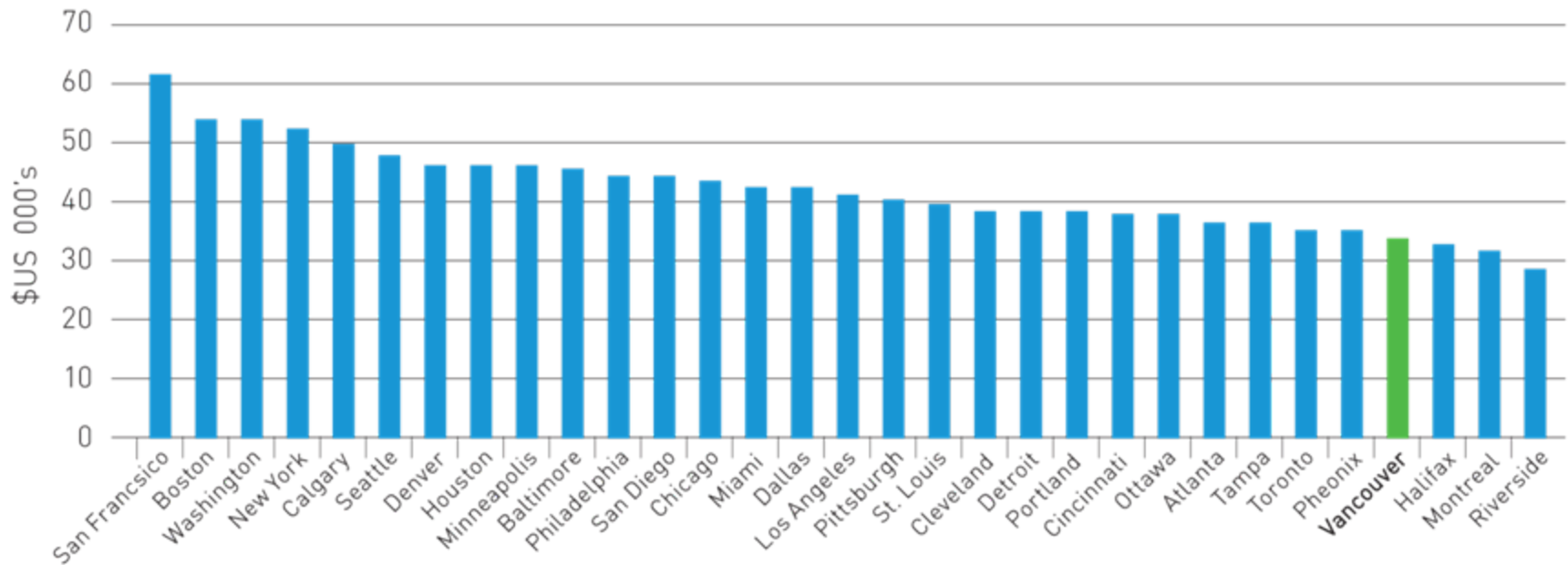
...and decline



Income levels are relatively low ...



Per Capita Income, North American CMAs, 2007



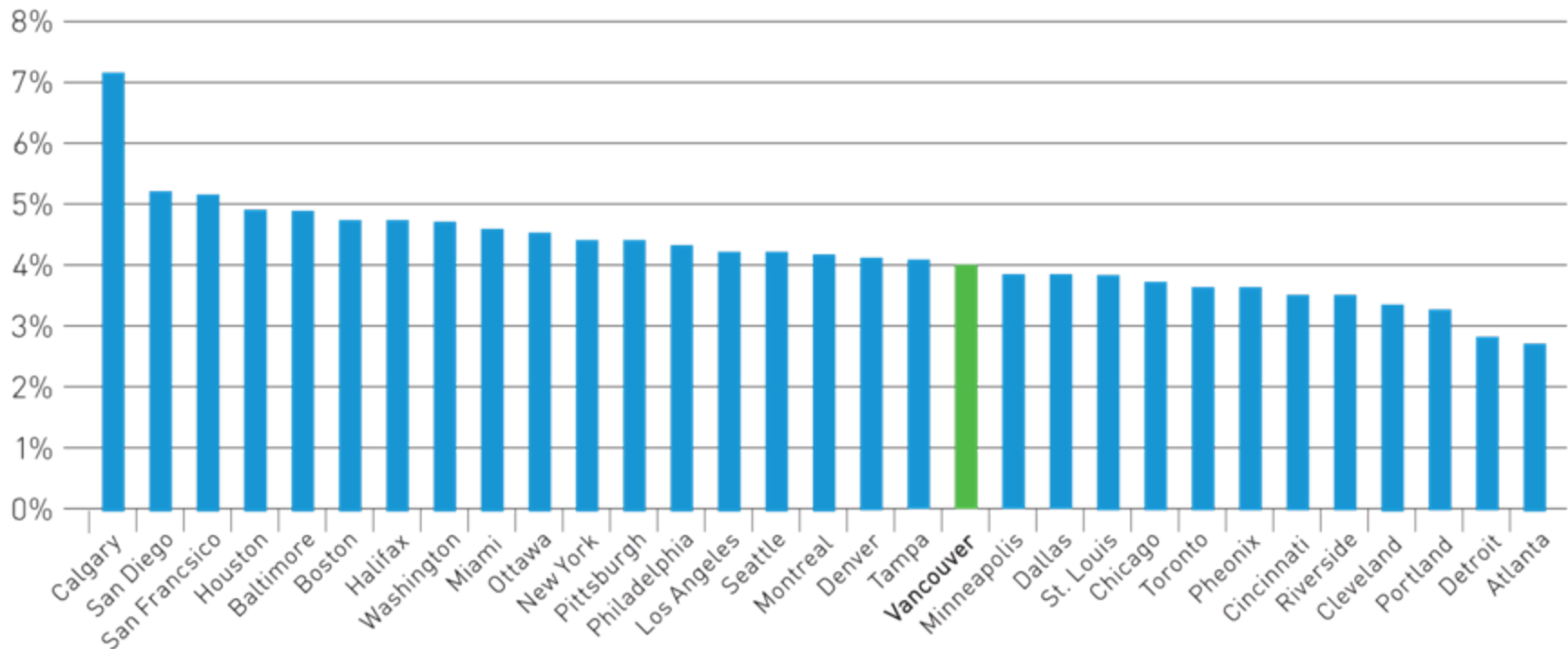
Sources:

Conference Board of Canada (Canadian CMAs)

Metro Atlanta Chamber New Economy Task Force Presentation (US CMAs)

... and did not catch up during the last boom

Average Annual Growth Rate, In Per Capita Income, North American CMAs, 1998-2007

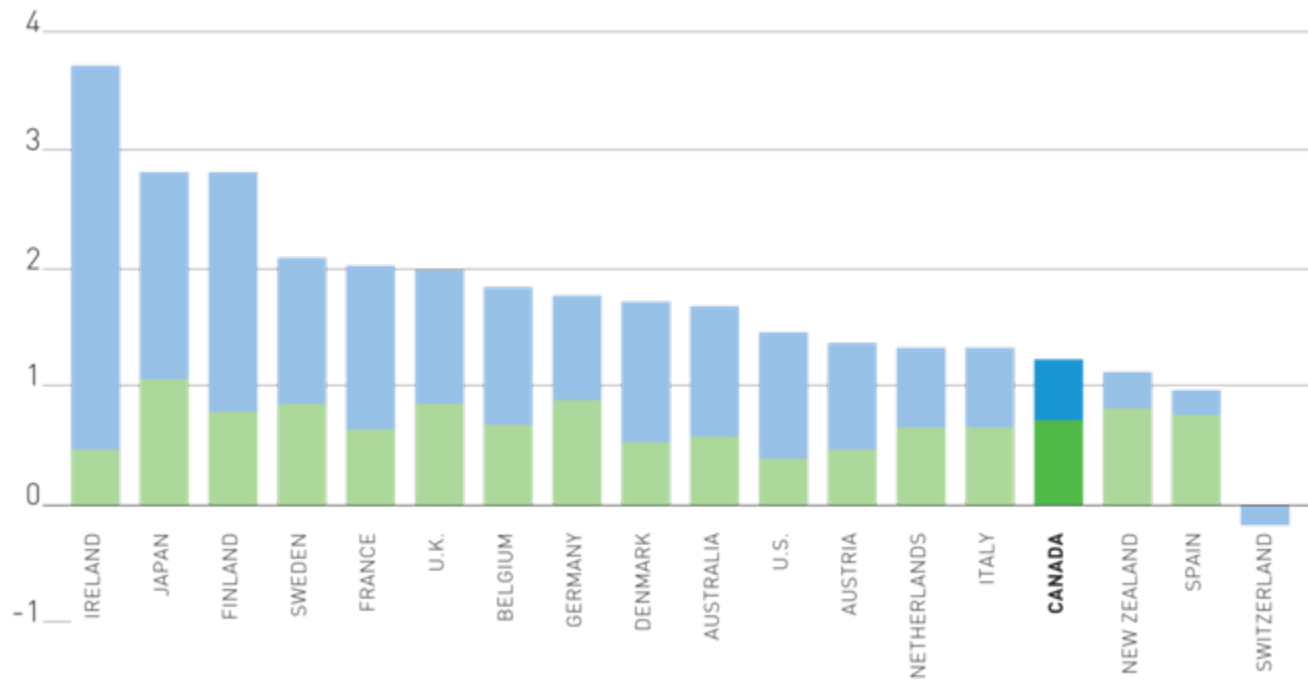


Sources:
Conference Board of Canada (Canadian CMAs)
Metro Atlanta Chamber New Economy Task Force Presentation (US CMAs)

Income levels relate to low productivity, in Canada...



Increases in Productivity, Selected Countries, 1985-2006

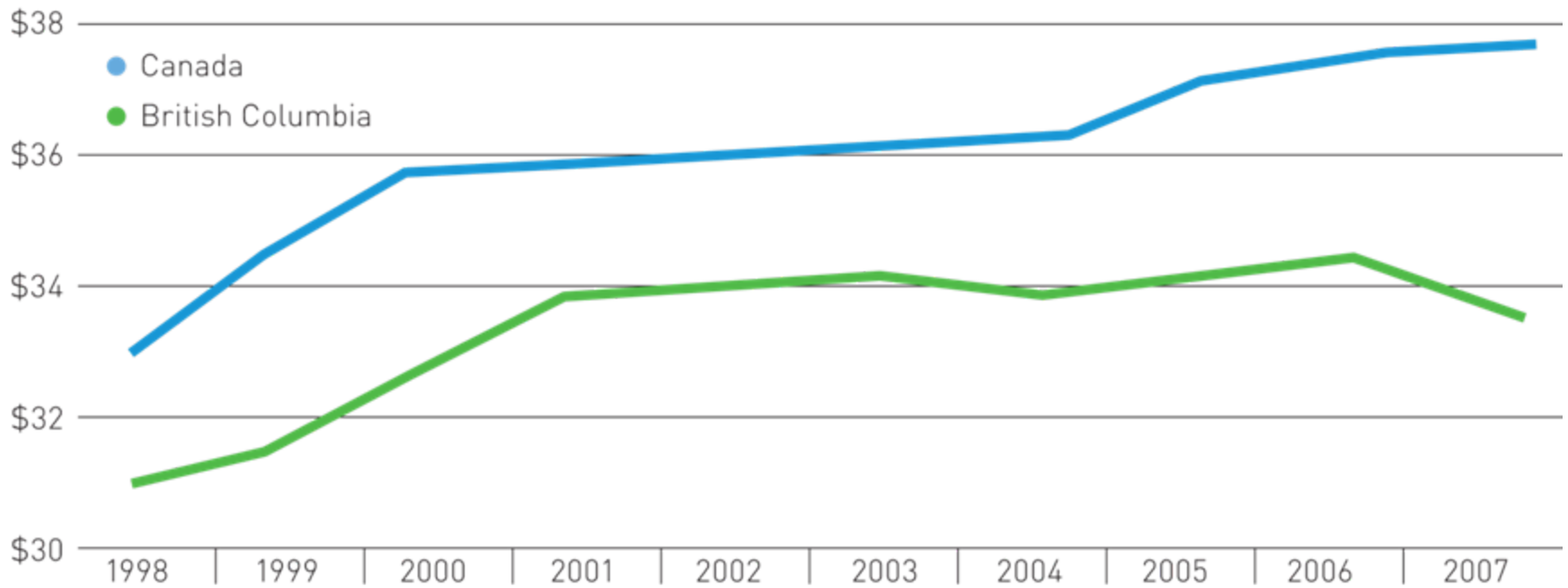


Source: OECD, 2008

...and especially in BC...



Real GDP Per Hour Worked
(Business Sector)



Source: BC Progress Board, BC Stats, Statistics Canada

...as well as low levels of exports...



Exports* as Share of GDP (%), Canadian Provinces, 2006

BC	NB	Sask.	Ont	Man	Que	Nf. & Lb.	Alb	PEI	NS
45.8	72	68.9	66.8	62.2	57.6	56.3	56.2	55	46.7

*includes international and interprovincial exports of goods & services
Compiled by BCBC from: Statistics Canada, Provincial Economic Accounts

...due in part to high levels of self employment

Share of Labour Force Self-employed, Canadian CMAs, 2005

Vancouver	Calgary	Winnipeg	Toronto	Ottawa-Gatineau	Montreal	Halifax
13.5%	12.3%	8.8%	11.7%	9.6%	10.1%	8.7%

Source: Statistics Canada Census 2006

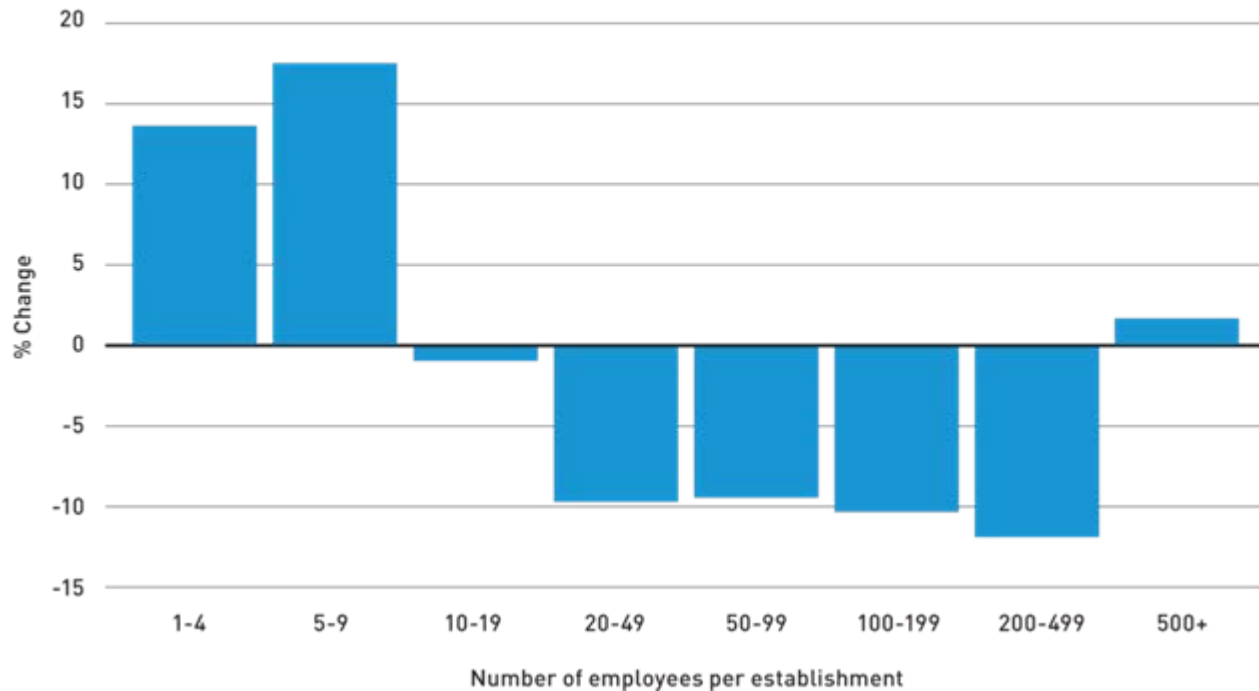
Mainly small and very small establishments

Business Establishments, Metro Vancouver, 2008

(classified by number of employees)

Number of Employees	1-4	4-9	10-19	20-49	50-99	100-199	200-499	500+	Total
Number of Businesses	51,861	16,453	9,918	6,372	2,249	1,013	491	216	88,573

Change in Number of Business Establishments, 2004-2008



Biggest employers: public sector and retail/restaurants

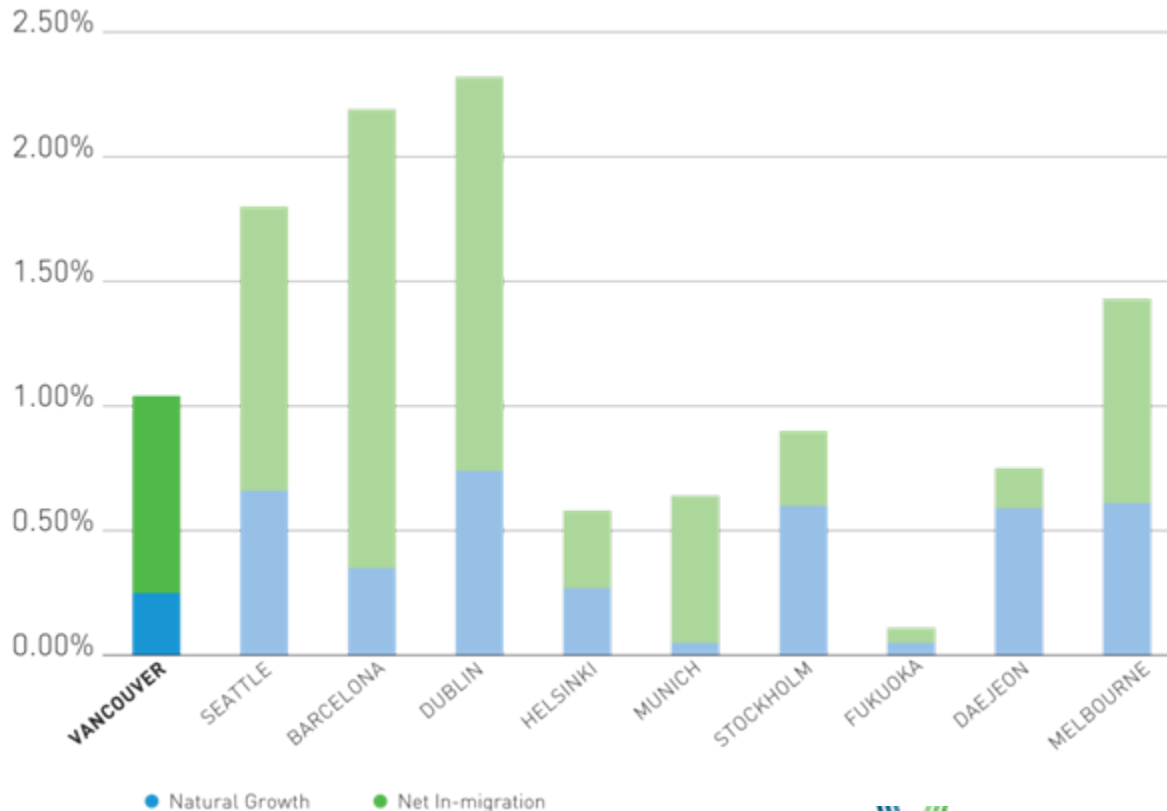


	# Establishments	# Employees
Public sector	43	206,600
Local serving (restaurants, etc.)	19	39,400
Financial	15	23,700
High Tech	8	11,800
Other (mfg, resources, services)	15	16,600
TOTAL	100	298,100

1.2 Modest population growth, immigration-driven

- Ranked 165th in the world (2008)

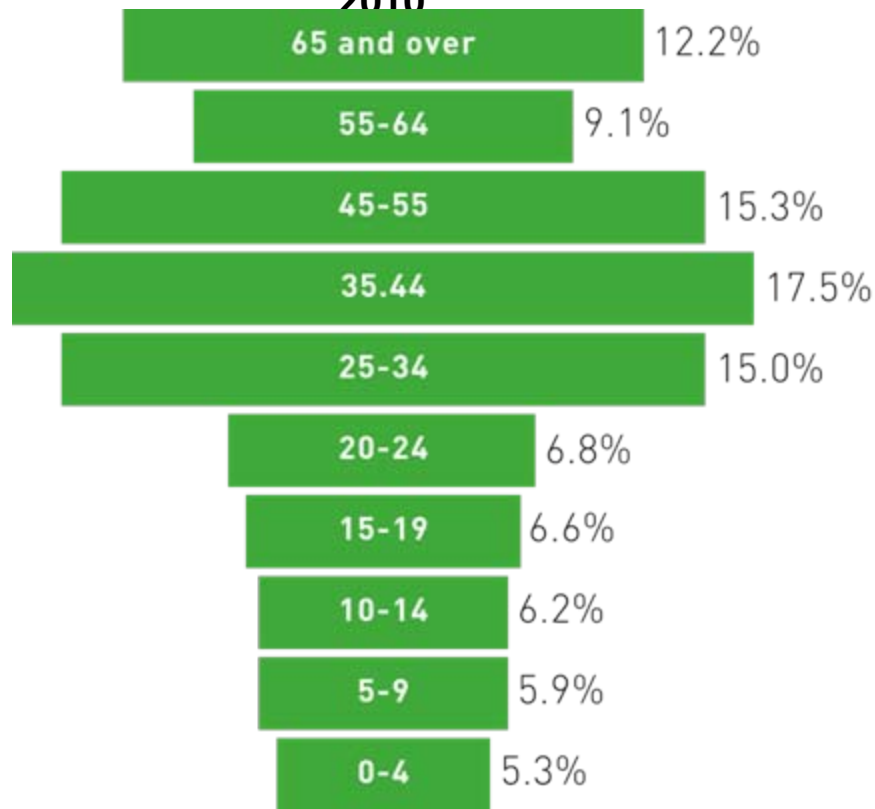
Population Growth, Selected Regions 2005-2006



Source: IRBC Report 2009

Baby boom generation in peak earning years now ...(pop 2.2M)

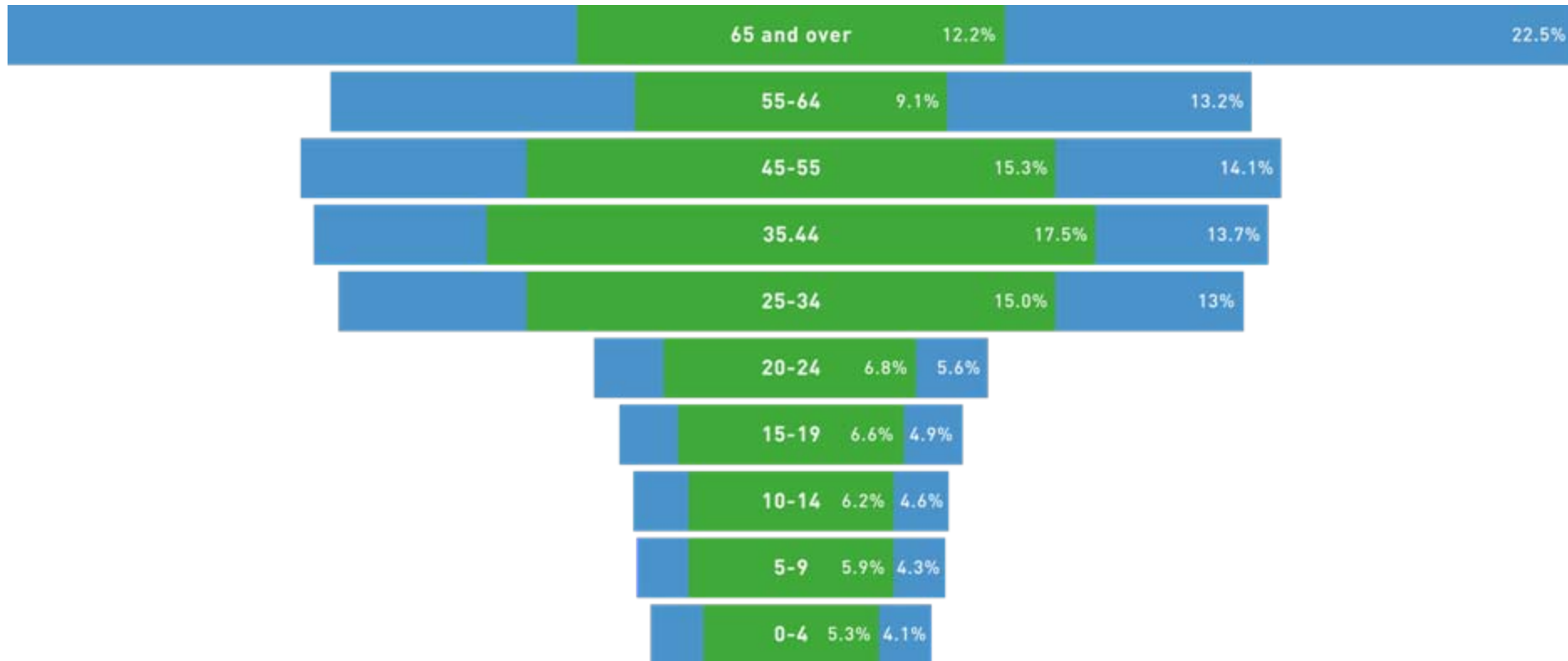
Demographic Profile, Metro Vancouver, 2010



Source: Urban Futures, UBC

...and moving into retirement (4M pop)

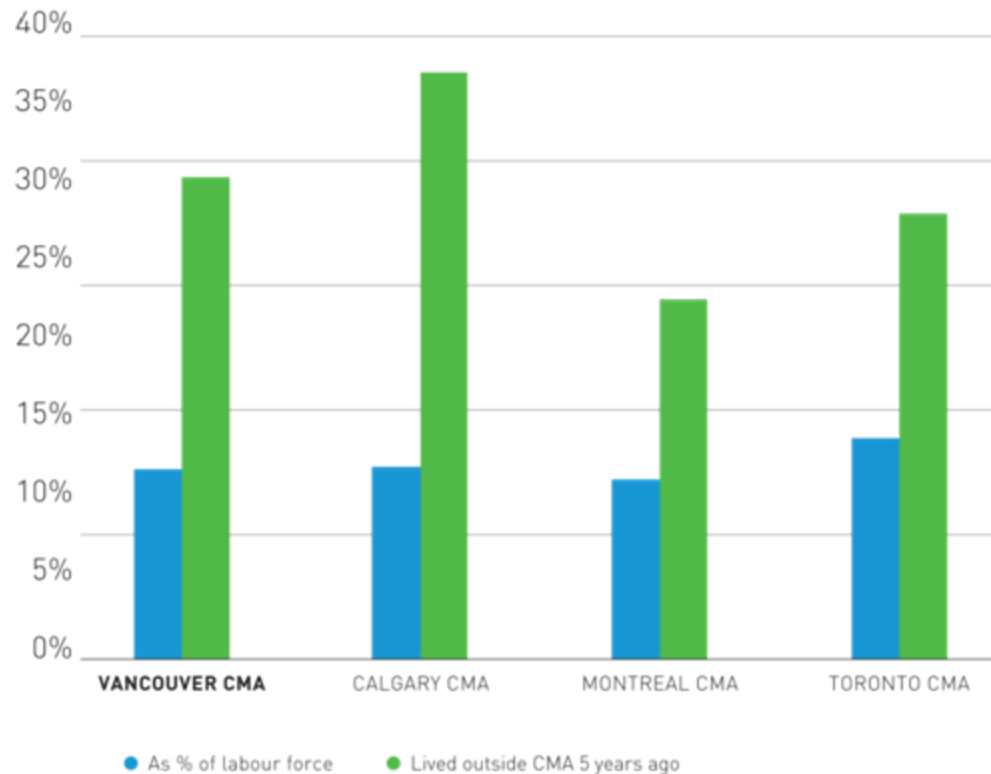
Demographic Profile, Metro Vancouver, Forecast 2056



Source: Urban Futures, UBC

2.2 Average attractor of young & talented

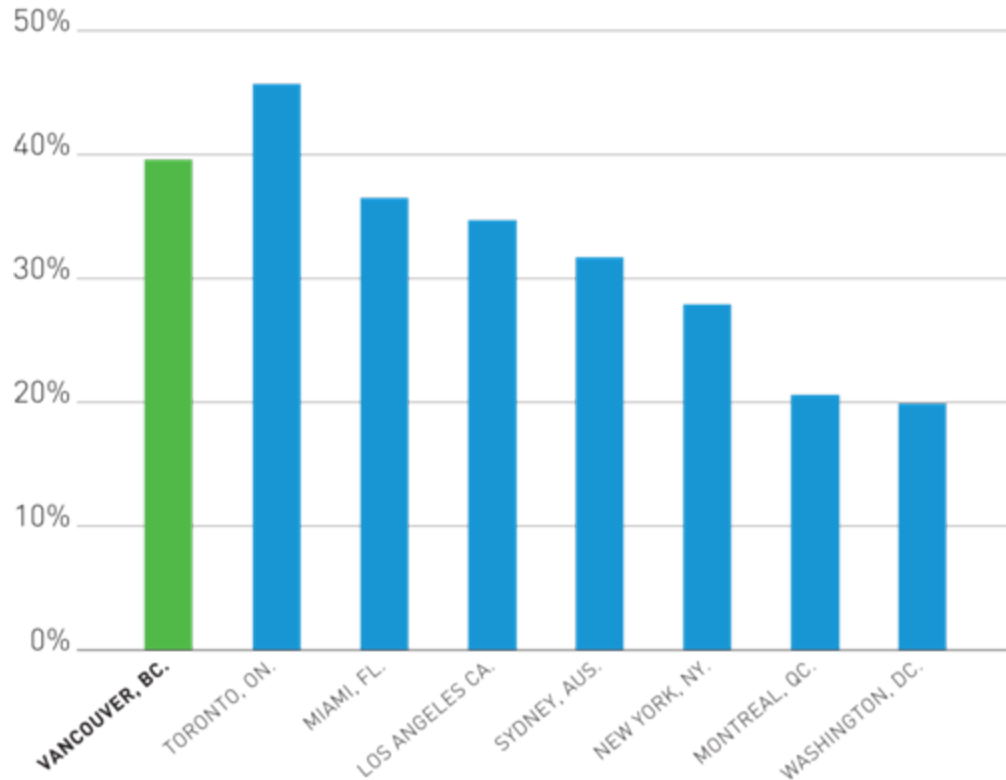
Labour Force 25-39 with University Education, 2005



Source: Census 2006

A highly multicultural region...

Share of population foreign born, selected regions



Sources:
Statistics Canada Census 2006
U.S. Census Bureau, American Community Survey 2005

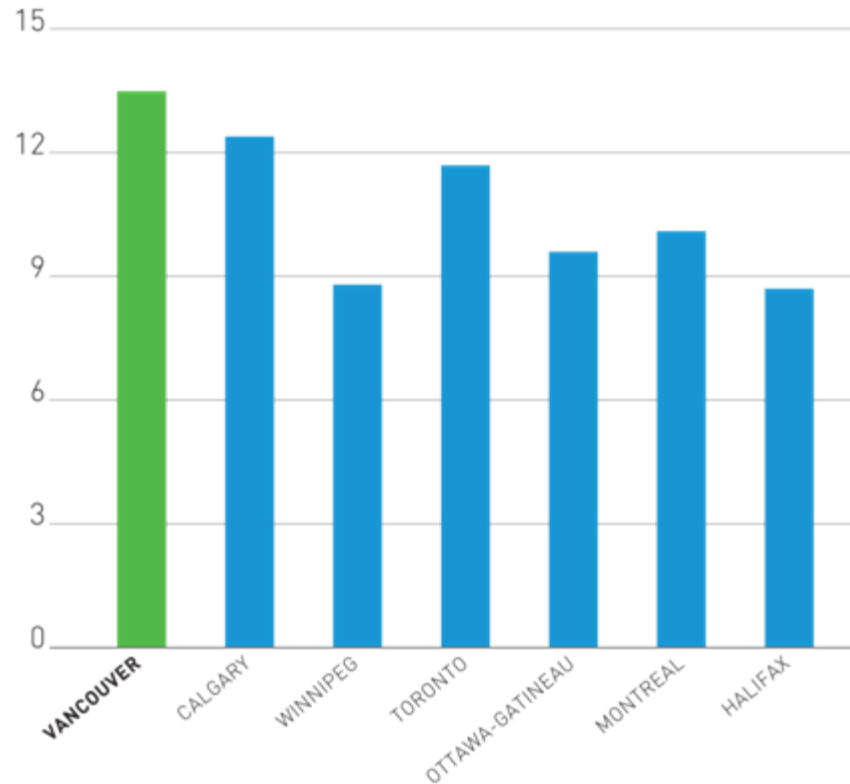
Strong arts/creative assets

- Role of creatives/innovation in driving economic growth increasingly recognized
 - Creatives twice as likely to have degrees as other workers
 - Many high tech & well paid; others have low incomes, little business capacity & lack work space
- Region highly competitive in film, F/X, animation, digital media
 - 4 studios recently attracted, more interested
- City has:
 - more artists than other major Canadian cities
 - History of strong support for art
 - Emily Carr/GNWC asset/opportunity

Strong entrepreneurship...



Share of Labour Force Self-employed, Canadian CMAs, 2005



Source: Statistics Canada Census 2006

1.3 Two global trends

1. Economic competition is becoming much fiercer
 - Exports are primarily services
 - Future opportunity is in exporting integrated services e.g. Olympic Village
 - Incorporates private, public, academic expertise
2. Human talent increasing scarce, increasingly mobile
 - Total working age pop of OECD countries peaks 2010
 - Young, highly educated, internationally-oriented talent is particularly scarce, highly mobile, responsive to quality of life as well as job opportunities
 - Rising numbers of long distance commuters

Short term opportunity: Vancouver is a highly desirable investment location

- Canada: outperforming most developed economies
 - Strong financial sector performance, public debt levels
 - Safe, business climate attractive to investors
 - Corporate tax reductions
- BC: steady improvement in business climate
 - HST, income tax reductions
 - Increased incentives, reduced regulations
- Vancouver
 - 2020 Games success & visibility, new infrastructure
 - New municipal investment attraction activity

...with the best tax competitiveness in the world

41 cities, US average = 100, 2010

1st Vancouver (50.5)

4th Montreal (60.3)

5th Toronto (67.6)

18th Seattle (92.1)

20th Chicago (92.8)

26th Portland (100.6)

32nd Los Angeles (107.3)

33rd San Francisco (109.5)

The longer term challenge

- Growing key sectors, and the size of firms in them
 - Larger firms have higher productivity and exports, the two drivers of higher incomes
 - Short term opportunity can help build critical mass
 - Challenge will become more difficult as competition becomes fiercer
- Avoiding becoming a “resort” economy
 - A strong tourist industry and unmatched quality of life make Vancouver a mecca for retirees, long distance entrepreneurs, students and others
 - Increases house prices, leading to a diminished middle class and a society of “haves” and “have nots”

1.4 Addressing fiercer competition

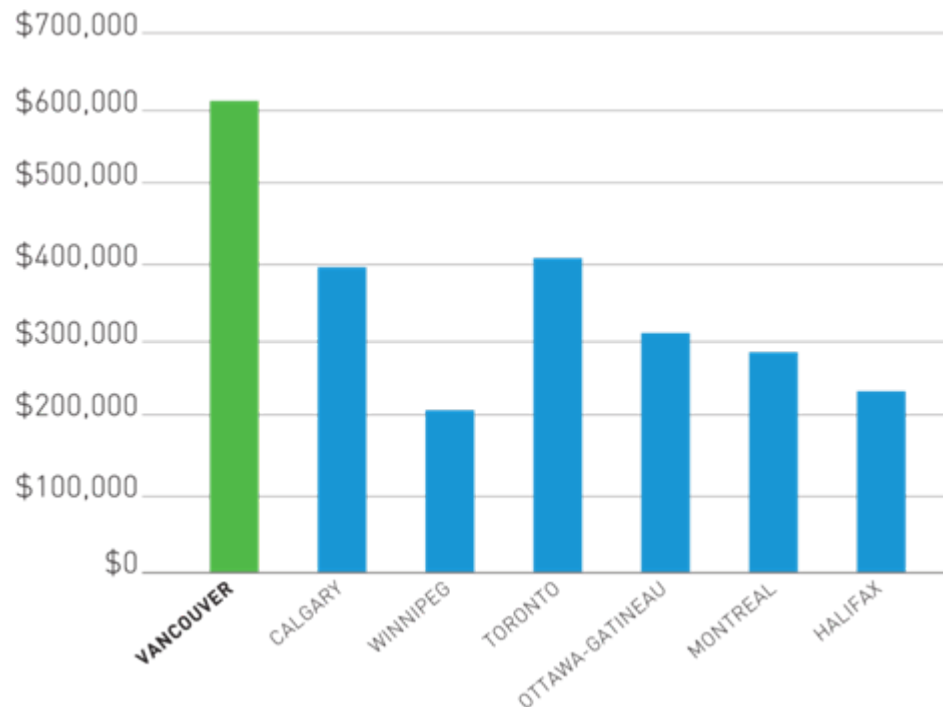
- Focus on key sectors
 - Green (alt. energy, green buildings/planning, food, etc)
 - Creative (arts, ICT, digital entertainment, film, etc)
 - Other (logistics, tourism, mining/business services, etc)
- Bring together expertise
 - Clusters
 - Hubs/incubators/associations/international linkages
 - Merge business, public sector & academic expertise
- Use all available tools
 - business retention, expansion, attraction, incentives, municipal properties, procurement

Addressing human talent shortage

- Affordability and scarcity of family (1100+sqft) housing
- Child care (access and price)
- Amenities/entertainment (“no fun couver”)
- Other strategies unrelated to land use

Housing prices are high

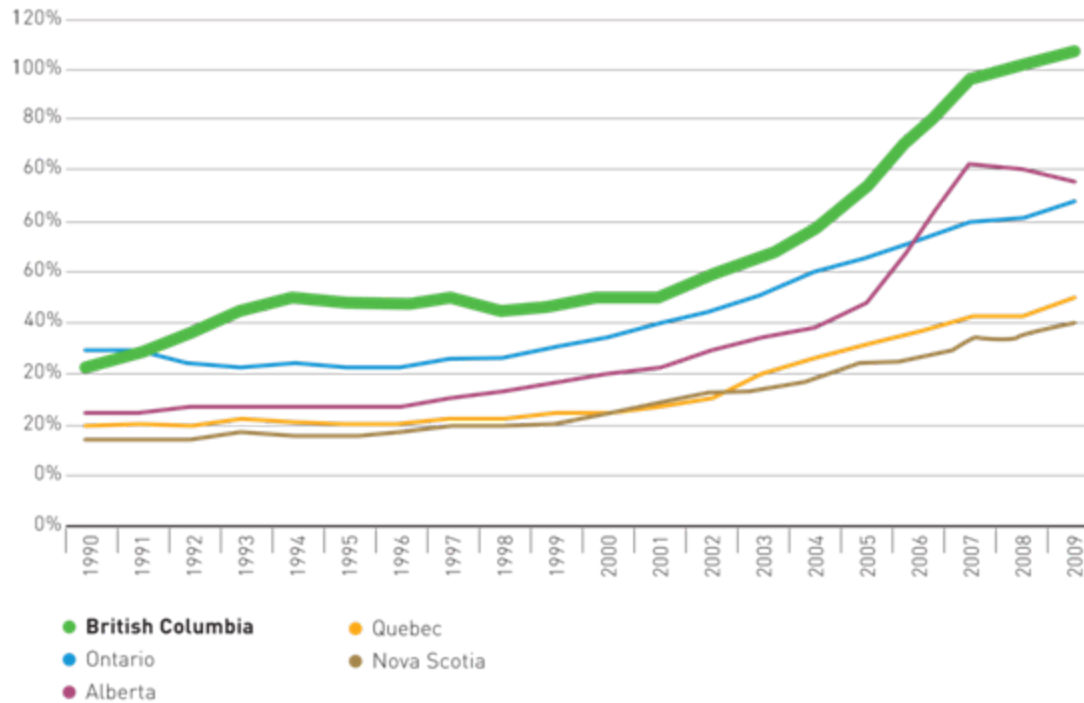
Average Housing prices, Canadian CMAs, September 2009



Source: CREA website, Market price for all residential properties sold within their jurisdictional boundaries, including detached, semi-detached, townhouse/row, and condo apartments, etc.
www.crea.ca/public/news_stats/statistics.htm

And trending higher?

Average Housing Prices, Selected Provinces

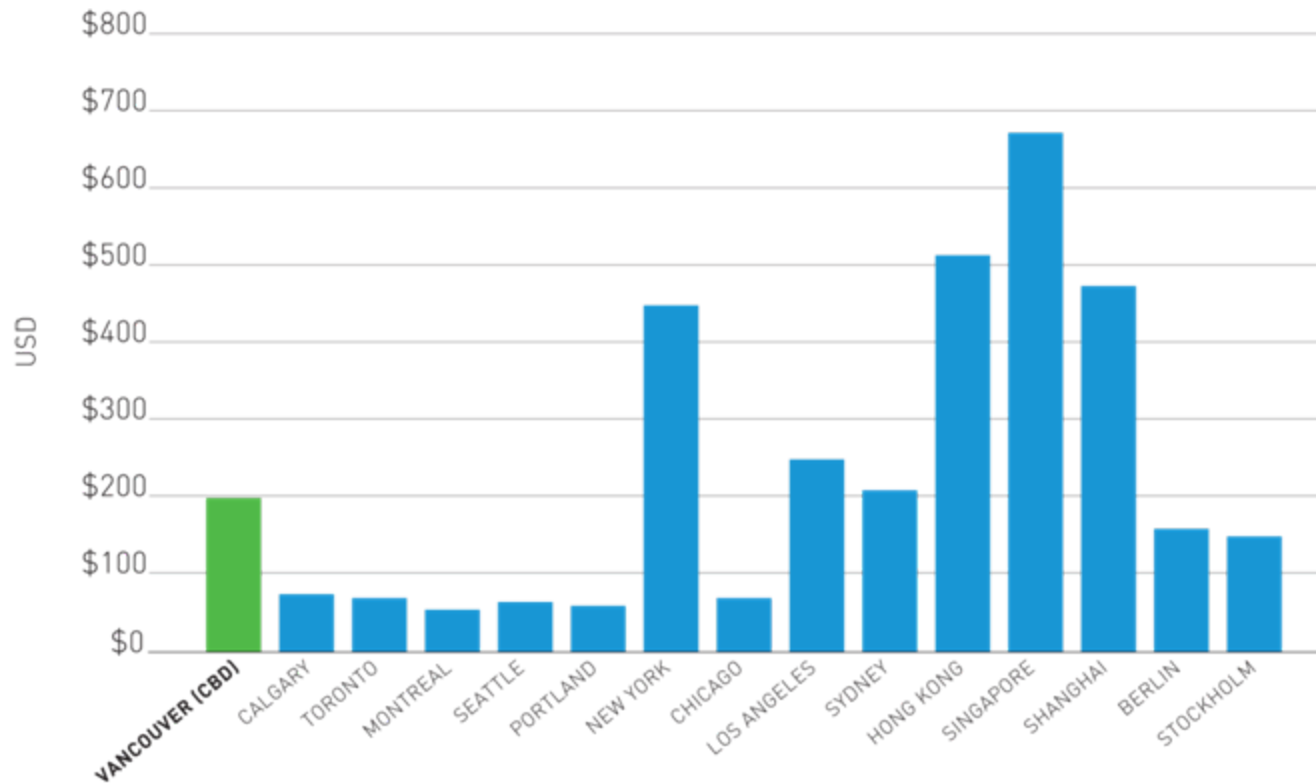


Source: Canada Mortgage and Housing Corporation (2009). *Canadian Housing Observer* 2009, Table 1, p. B-5

Residential land prices: high for North America, low for Asia



Cost of Residential Land Per Building SF, 2009



Source: Colliers International Estimates

Housing affordability is a major challenge

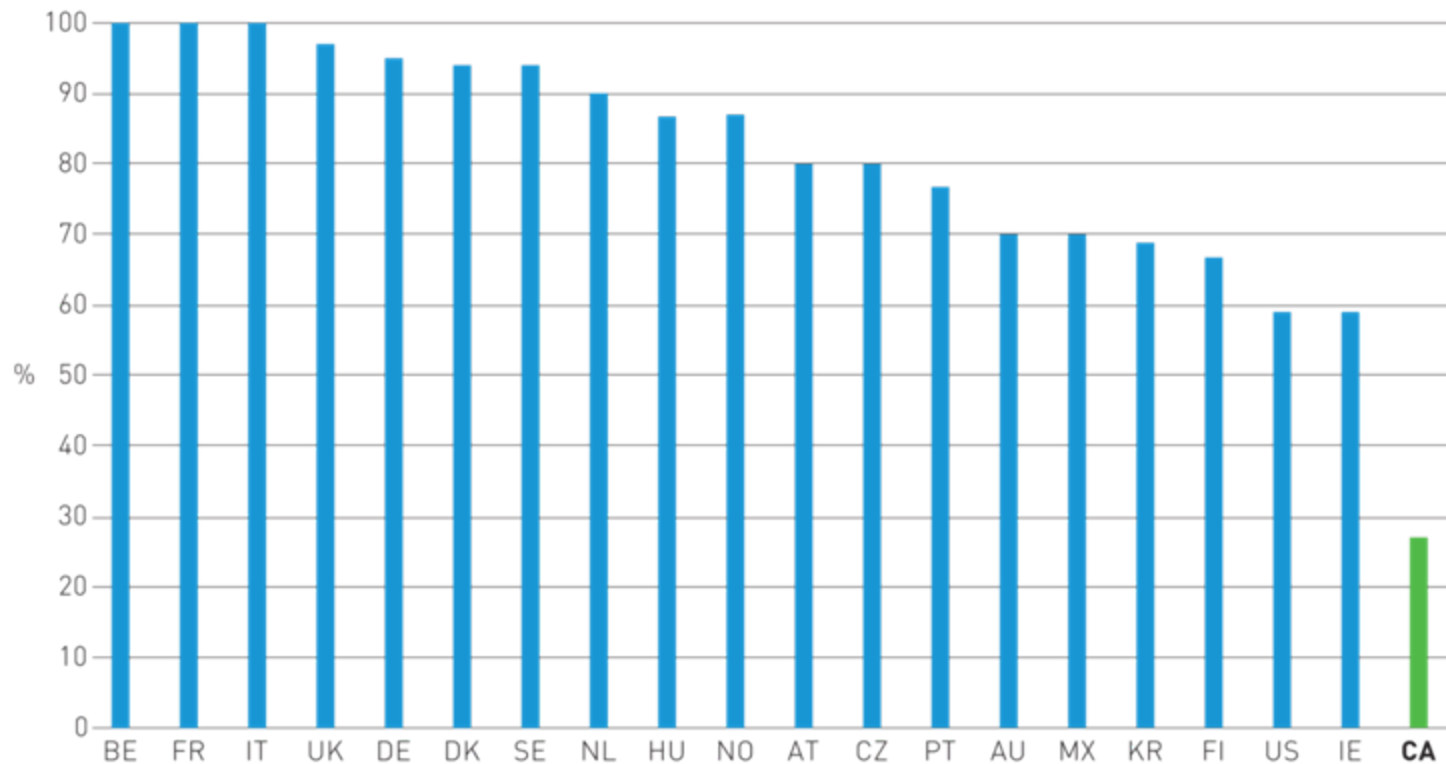
Rankings 2009, Eng-speaking nations (5.1 severely unaffordable)

1 st	Vancouver	9.3			
			2nd	Sydney	9.1
			14 th	London	7.1
			16 th	New York	7.0
			16 th	San Francisco	7.0
			27 th	San Jose	6.4
57 th	Toronto	5.2			
67 th	Montreal	4.9			
			72 nd	Seattle	4.8
80 th	Calgary	4.6			
			90 th	Portland	4.2

Child care availability is very poor



International Rates of Access to Early Learning and Childcare, Ages 3-6, 2006



Date source: OECD (2006). Starting Strong II: Early Childhood Education and Care. Country Profiles

AU, CZ, FI, HU, NL, UK – Estimated (averaged across ages 3-6)

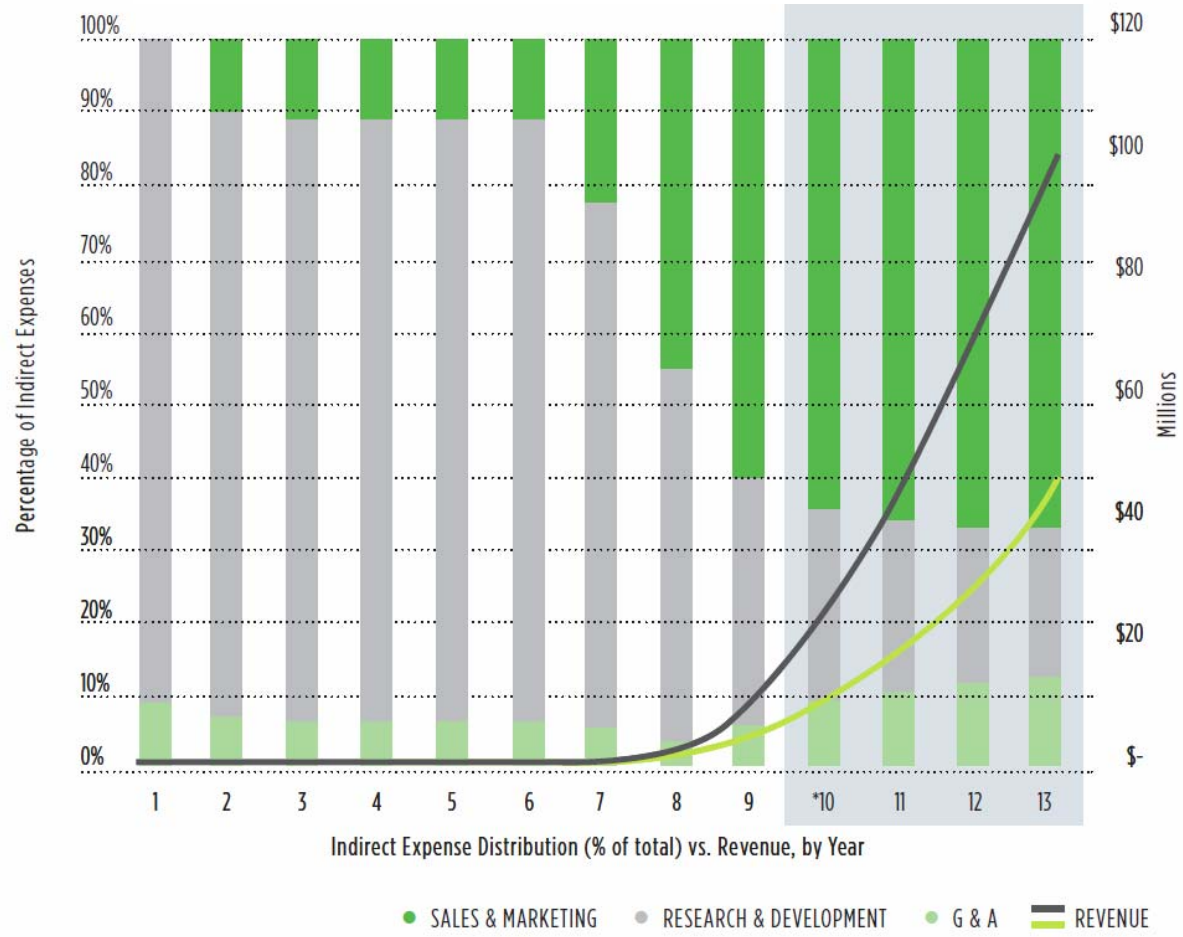
CA – Children 0-6 in child care including regulated family day care

Economic implications

- Best time to attract talent is when starting families
- Unaffordable family housing & lack of child care impacts talent attraction and recruitment at all income levels
- Particularly affects high tech/knowledge economy
- Combination of excellent education and unaffordable housing makes it easy for local talent to leave
- Inability to recruit key talent makes tech companies vulnerable to early takeover

Slow growth, insufficient sales leadership makes tech companies vulnerable

Development of Technology Companies



Bargains For Sale

Source: SDTC 2010

2 Land use considerations

2.1 General

Area specific:

2.2 Metro Core

2.3 Industrial areas

2.4 Neighbourhoods

2.1 Implications of strategies previously discussed

- Accommodate key clusters & give them space to grow
 - Create special districts with incentives to encourage geographic clustering?
 - Encourage/facilitate development of hubs/incubators, etc
- Make affordable family (1100+sf) housing a high priority
 - Larger units encourage live-work, rent sharing (multi-generational or friends), live-in care for seniors
 - Investors typically prefer smaller units
- Make more child care space a high priority
 - Encourage migration from other developed countries
 - Comparative advantage within region

Transportation hubs & corridors

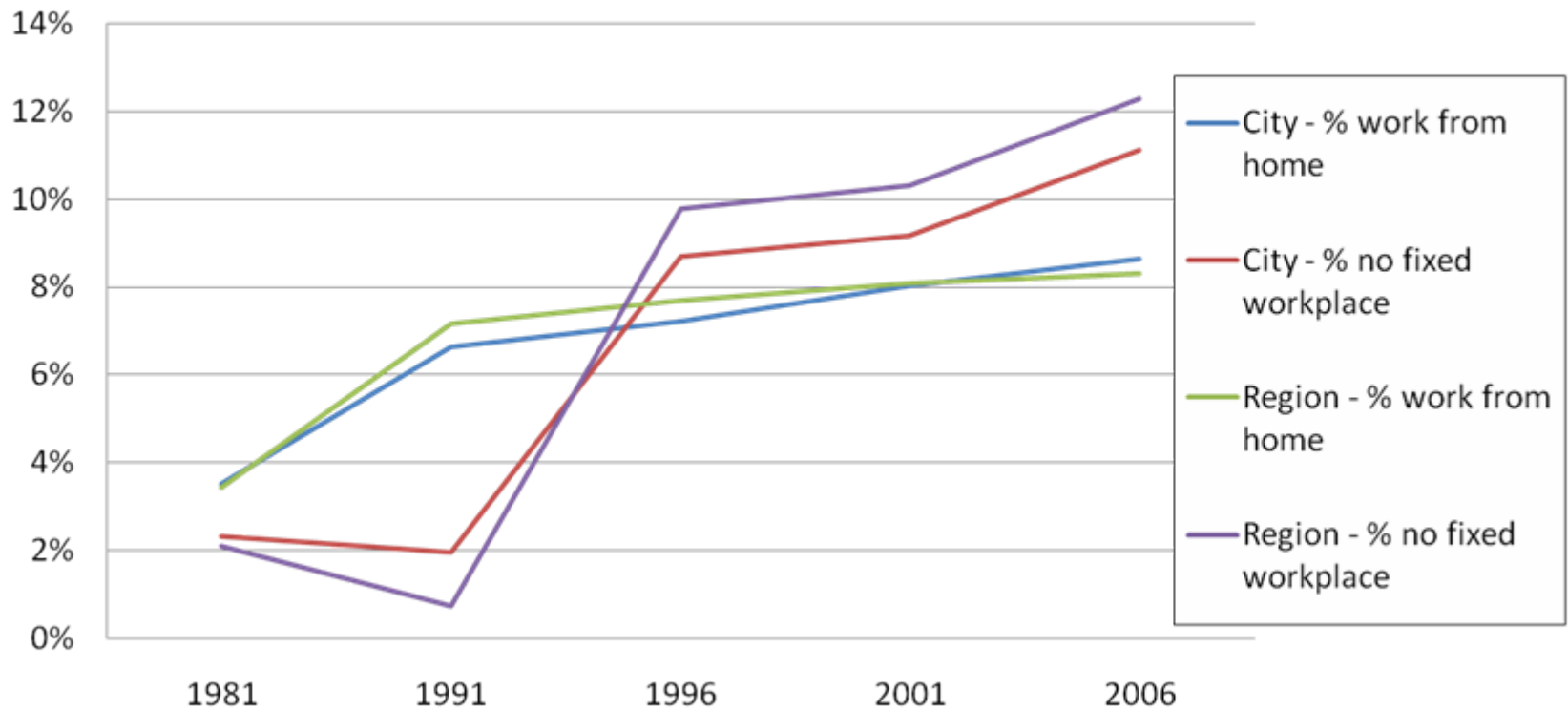
- Airports increasingly important
 - 35% goods exports by value already shipped by plane
 - Critical factor for entrepreneurs, consultants, etc
 - Rise of the aerotropolis
 - Implications for South Vancouver & Canada line stations
- Railway station potential as Cascadia high speed rail develops
 - Site terminus in downtown Vancouver
 - Protect site, right-of-way immediately
- Better coordination transit & land use planning

Adjusting to high housing and commercial space costs

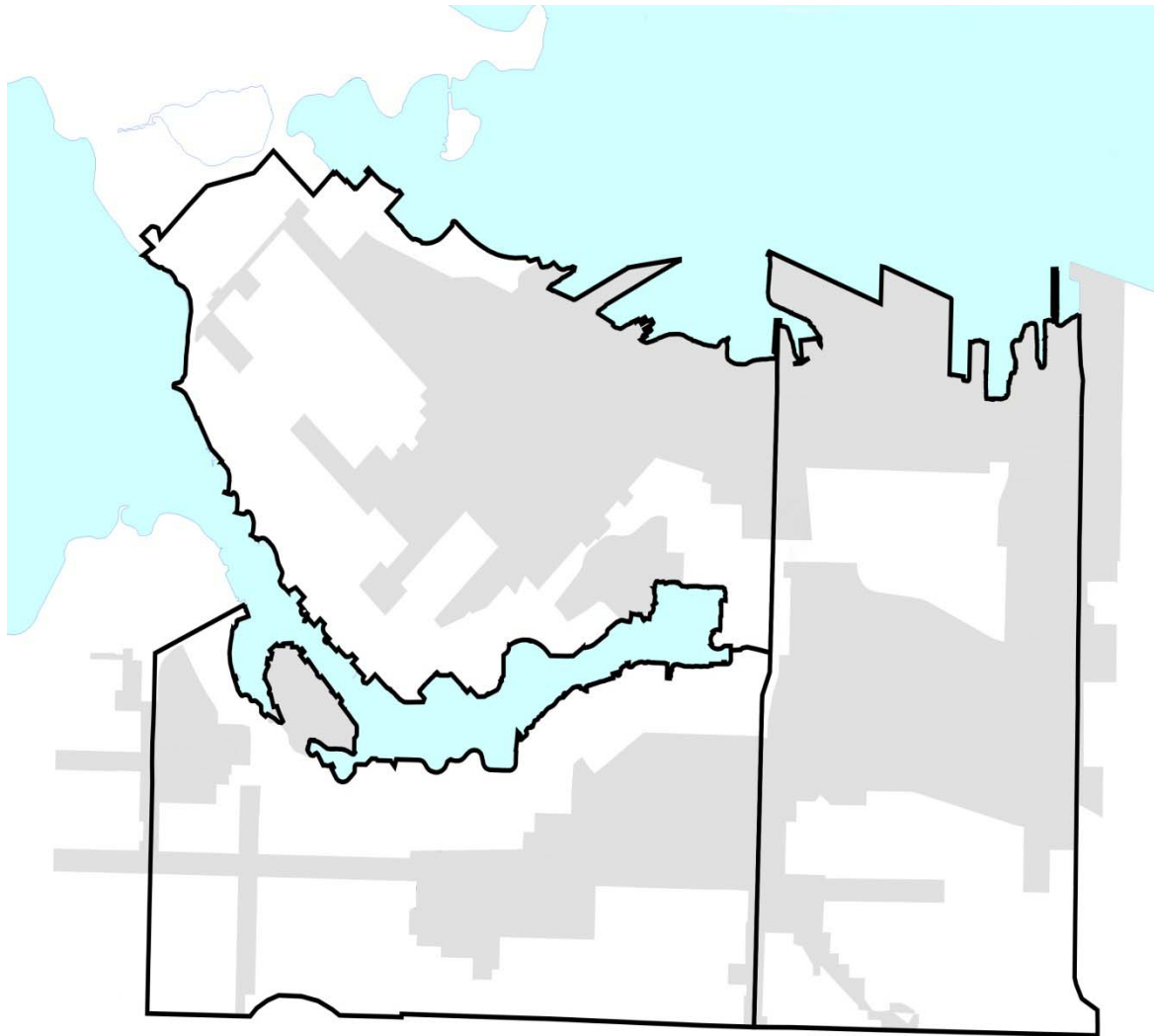
- Live-work
 - Assessment challenge
 - Especially important for creatives, IT, professionals, managers
 - Vancouver 2nd highest among Canadian cities
- Working from no fixed address
- Working outside Canada
- Use of public realm
- Demand for more entertainment options
- Fiscal impact on other businesses

Work outside commercial premises increasing

Vancouver - place of work status



2.2 Metro Core map



Metro Core & the City within the region



	Metro Core % region	City % region
Population	7	27
Jobs	22	34
Population 25-39 with degrees	17	44
Households with children	3	22
Lived elsewhere 5 years ago	16	38
Financial sector (FIRE)	54	72
Performing arts jobs	55	67
Area	0.6	4

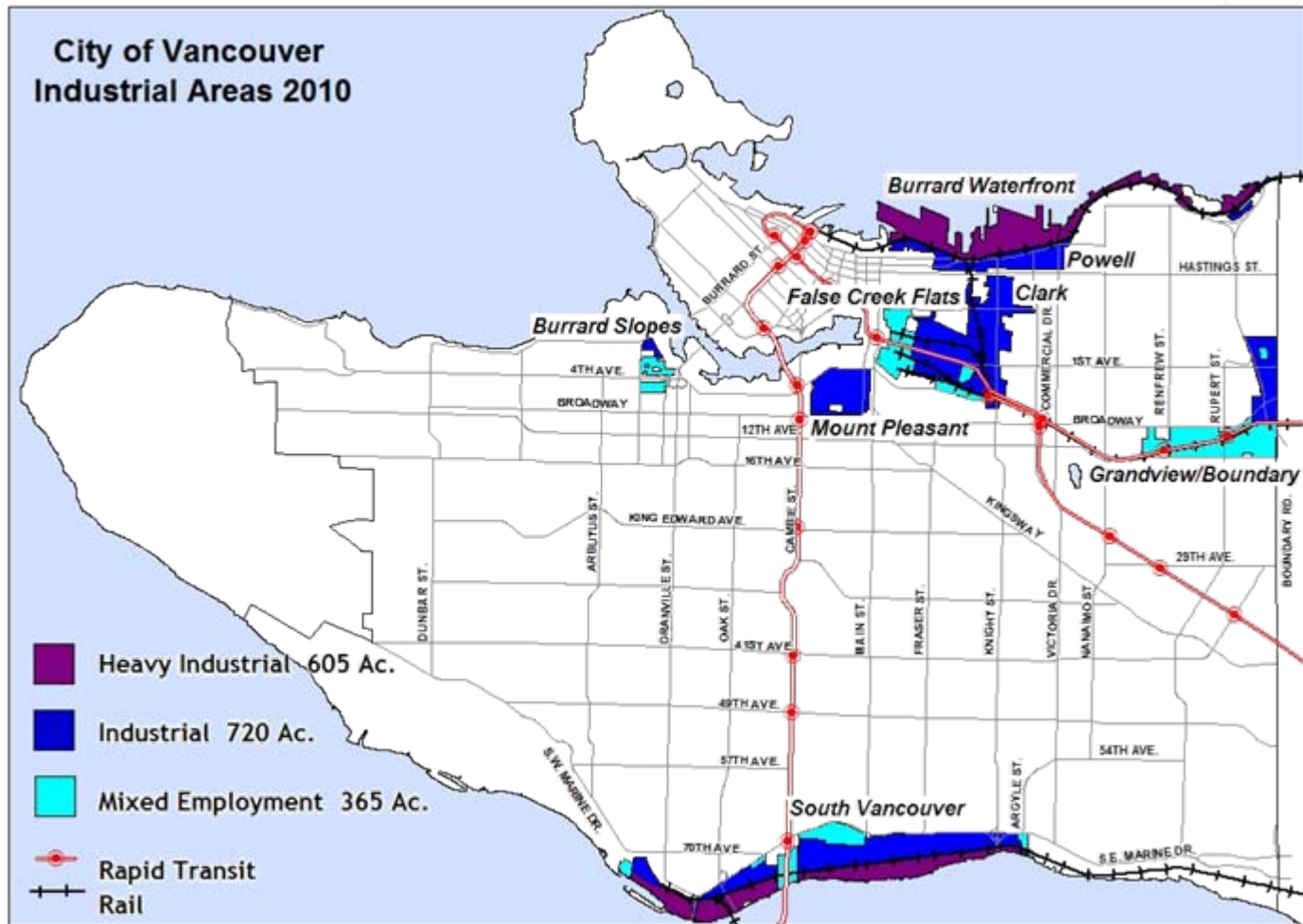
Metro Core's economic health vital to the region

- Competes internationally and regionally
- Half of city's tax base
- Internationally
 - BC's front door, how region is assessed
 - Most international part of the region
- Regionally
 - High cost option – economics of agglomeration
 - Firms/universities preferring downtown action to campuses
 - Firms may split functions – high wage workers downtown, others moving to lower cost facilities
 - Little pre-lease development, limited space available
 - Challenged by efforts to reduce commuting, and by infrastructure investments south of Fraser

Metro Core economic priorities

- Development of False Creek Flats & Downtown Eastside
 - Opportunity for green and creative sectors especially
 - DTES has unique challenges, strong potential for jobs at all levels in many sectors, including manufacturing (apparel, food, furniture, etc)
 - Encourage speculative building
- Sharpen international competitiveness
 - bike lanes, active public realm
 - broad band/ wireless infrastructure
 - Demonstrate Vancouver's uniqueness

2.3 Industrial Land



Source: Vancouver City Planning Dept.

Industrial land

- Current approach – precautionary principle
 - Safeguard land for economic opportunities, esp for uses incompatible with office/residential use
 - Avoid speculation on conversion to condos
- Alternative longer term approach
 - Recognize many light industrial uses full compatible with commercial/residential use
 - Consider strategies to maximize employment space
 - Create spaces for cluster development and firms' growth, particularly in key creative and green sectors
 - Accommodate firms' need to integrate different uses, incl. retail
 - Encourage densification, retention of city-serving companies

Current industrial land uses



Source: City Planning Dept.

Singapore clean tech building (impression)



Source: Michael Goldberg 2010

Singapore solar panel factory



Source: Michael Goldberg 2010

Singapore clean tech park



Source: Michael Goldberg 2010

2.4 Neighbourhoods

- Complete communities concept requires greater consideration of economic development issues
- Densification, live-work create more demand for greater range of commercial and entertainment services
- Rapid transit, district energy, etc create specific commercial opportunities
- May need consultative mechanisms that give more voice to commercial opportunities/possibilities

Reprise : The Idea of Vancouver



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Reprise : the longer term economic challenge

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Thank you

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