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Economic Development Strategy

Employment Lands Analysis

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY



Purpose

This Employment Lands Analysis (ELA) report provides a quantitative and qualitative assessment of the history, current conditions, and emerging trends affecting business and employment change in the District of North Vancouver (DNV). In doing so, the report identifies the potential demand for employment growth, including land and space needs. This analysis culminates in an assessment of the District's existing strengths and weaknesses alongside future opportunities and challenges, intended to inform the development of the District's Economic Development Strategy (EDS).

The District's Most Recent Economic Snapshot

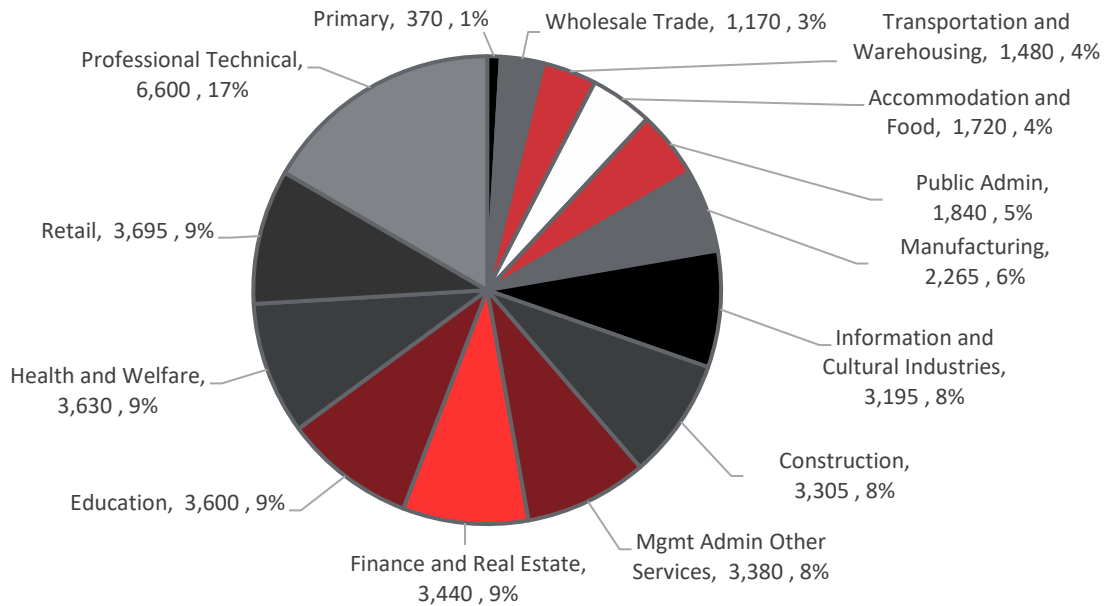
The District of North Vancouver has a rich history of economic and employment activity tied to the land. From the First Nations communities in the time before European settlers arrived, through the community's economic heritage of sawmilling, shipbuilding, and industrial trade, to its modern mix of production and service based industries, economic activities have shaped and influenced the community identity of the District and broader North Shore region.

As of the 2021 Canadian Census, the District of North Vancouver served as home to over 88,160 people and accommodated for 39,690 jobs, amounting to a local employment activity rate of 45%. In the context of the broader economic region, the District accounts for 3.3% of Metro Vancouver's population and 2.9% of the region's employment. At a high level, local jobs are predominantly comprised of Commercial activities (54%), followed by Industrial (24%), Institutional (22%), and Primary (<1%)¹.

It must be noted that these figures represent the most recent Census, which was conducted in May of 2021, a point in time when the COVID-19 pandemic was having considerable impact on employment. Ongoing lockdowns had resulted in significant disruptions to businesses across the region, with some forced to temporarily shut down and furlough workers, while others transitioned to Work From Home arrangements, relocating many jobs that had traditionally been located in the region's Central Business District of downtown Vancouver to suburban communities, including the District of North Vancouver.

¹ The categories shown here represent 2-digit sector codes as defined by the North American Industry Classification System (NAICS), categorized by common characteristics in employment activity.

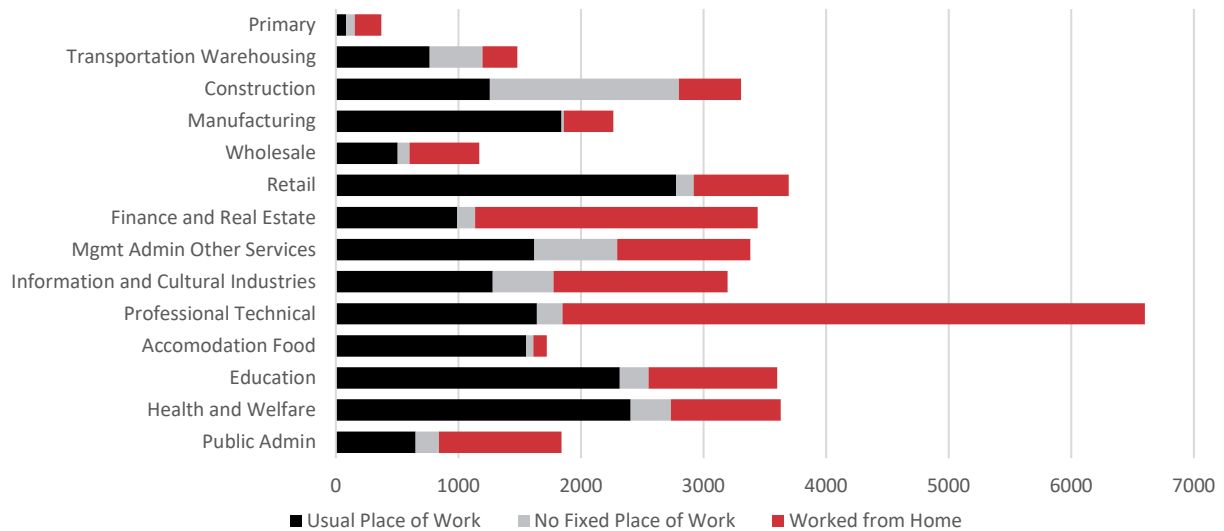
Employment Profile by Industry Subsector, District of North Vancouver, 2021



Source: Statistics Canada

Of the 39,690 jobs located in DNV in 2021, just under half of the workers reported to a Usual Place of Work (49%) with the rest split between Work From Home (39%) and No Fixed Place of Work (12%). However, these trends varied significantly depending on the nature of the job activity.

Employment by Industry Subcategory and Place of Work, District of North Vancouver, 2021

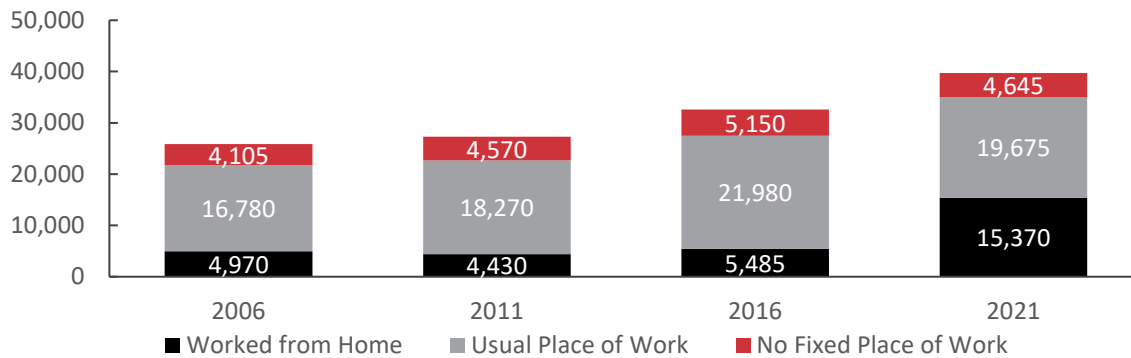


Source: Statistics Canada

Employment Growth Trends

The District of North Vancouver experienced steady employment over the years between 2006 and 2016, making significant progress towards the Official Community Plan’s (OCP) goal in accommodating over 36,000 jobs by 2030. Jobs reporting to a Usual Place of Work had been steadily increasing prior to the pandemic, driving demand for employment space across the District.

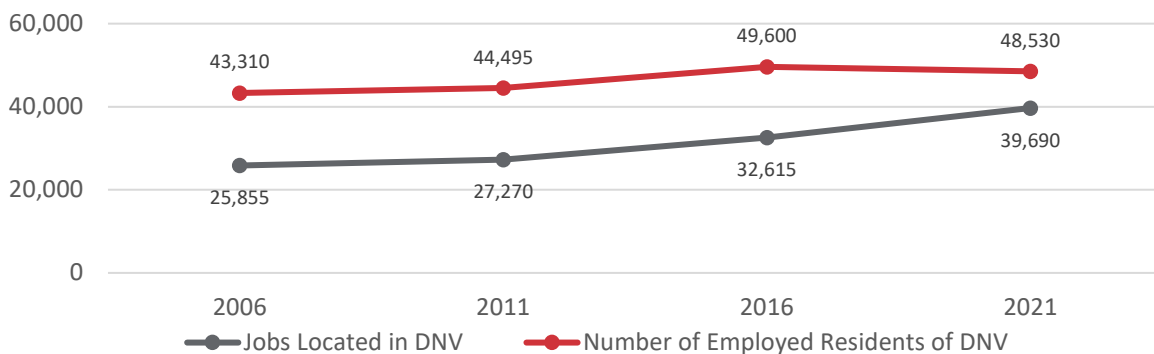
Employment Profile by Place of Work, District of North Vancouver, 2006-2021



Source: Statistics Canada

Prior to the pandemic, the number of jobs located in the District had been growing roughly in step with the number of employed residents; though analysis of commuting patterns over this time indicated that a roughly two-thirds of employed District of North Vancouver residents that commuted to a Usual Place of Work reported to places of employment in other municipalities, indicating a significant rate of out-commuting. This trend shifted considerably in 2021, as more residents chose or were required to Work From Home. At the same time, the number of residents commuting to a place of work outside of the District declined precipitously.

Change in Jobs Located in DNV and Number of Employed Residents, 2006-2021

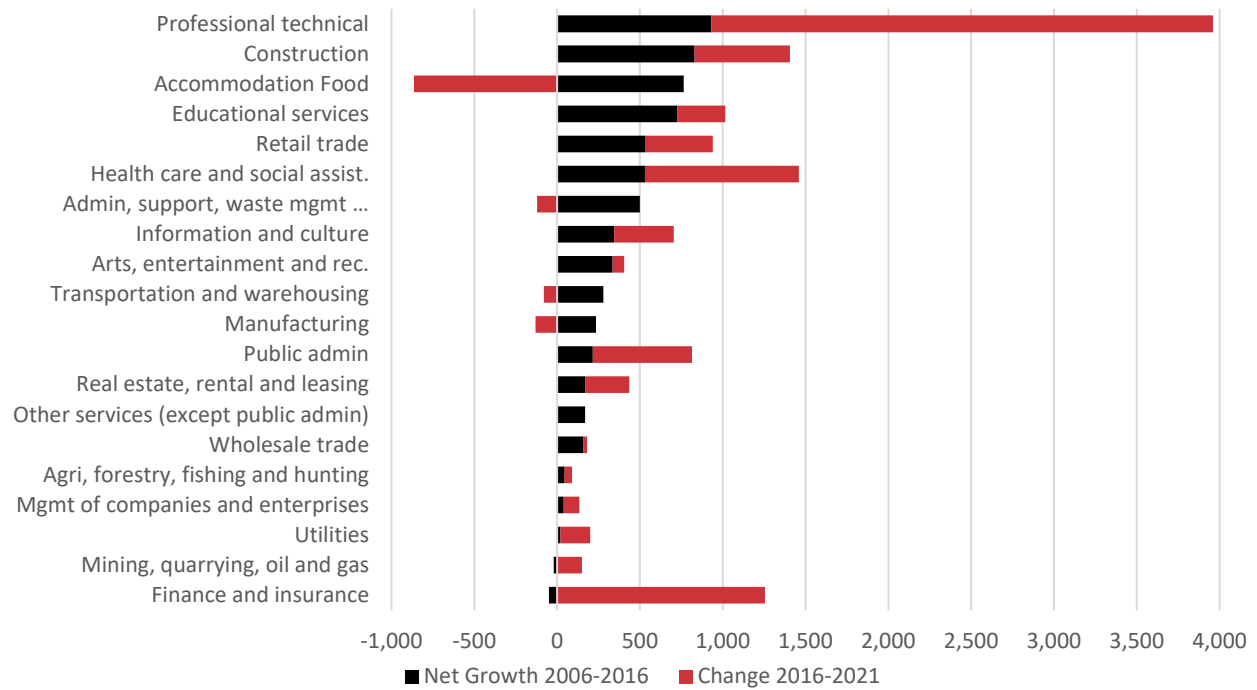


Source: Statistics Canada.

While this phenomenon was not unique to the suburban communities like the District, it was somewhat more pronounced, likely due to the relatively high share of District of North Vancouver residents working in office-based jobs that were more able to make the shift to Work From Home. While it is expected these figures will decrease as more workers are eventually called back to the office over time, the prevalence of hybrid work arrangements will likely have a lingering impact on both Work From Home and locational preferences for certain office-based employers for the foreseeable future.

The impacts of the pandemic varied significantly across different areas of the local economy, as is illustrated when comparing net employment growth between 2006 and 2016 to the change that occurred from 2016 to 2021. Accommodation and Food-related jobs were hit particularly hard by the lockdowns, while negative growth was also observed in other key sectors like Manufacturing and Transportation and Warehousing. Other sectors experienced significant job growth, though much of this was the result of the mid-pandemic shift towards Work From Home. Despite these shocks and variances, a longer-term review of trends in the period leading up to the pandemic suggests reasons to be optimistic, with positive patterns experienced across most sectors, including those most severely impacted by the pandemic.

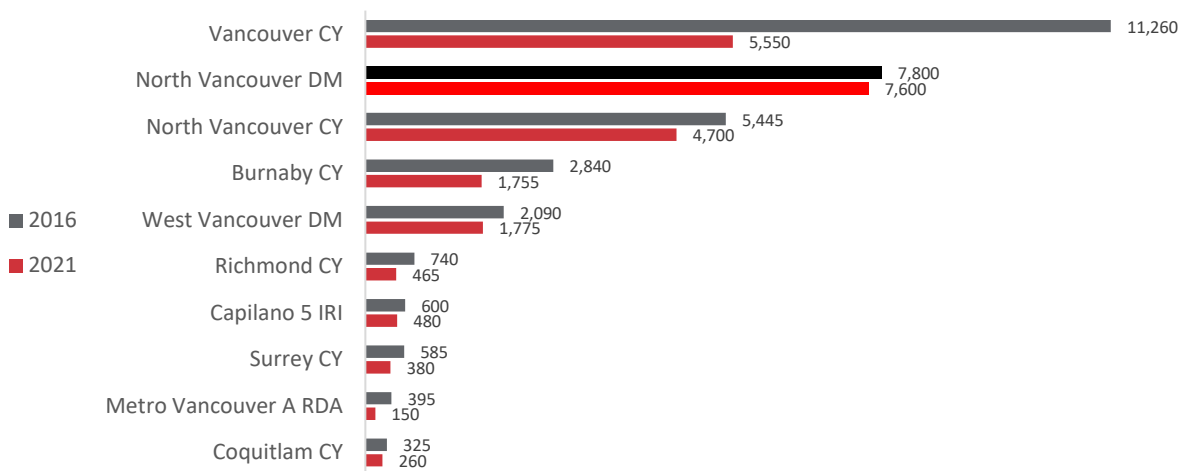
Employment Change by Sector, District of North Vancouver, 2006-2016 & 2021



Source: Statistics Canada.

At the same time, changing commuting patterns to and from the District during the pandemic resulted in a significant narrowing of the gap between in- and out-commuting workers. As a suburb of the regional center, the District of North Vancouver has historically experienced a net-outflow of commuters, led primarily by residents that cross the Burrard Inlet to work in the City of Vancouver. Through the pandemic, the number of workers commuting from the District into Vancouver declined by over half, while many other out-commutes also declined as more workers instead worked from home.

Where the District's Residents Work, by Place of Work, 2016 & 2021



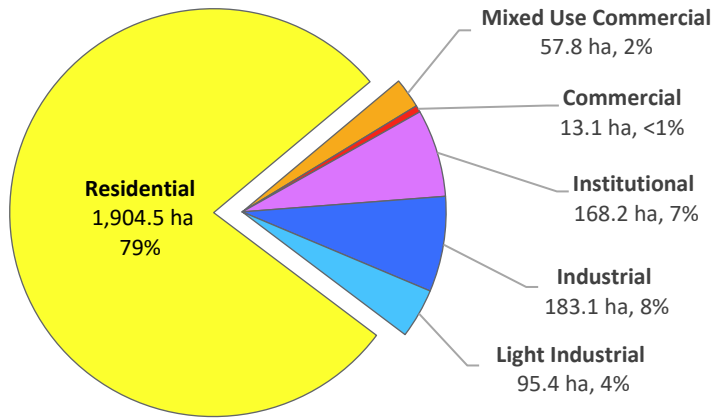
Source: Statistics Canada.

It is notable that while the District accommodates for 19,675 jobs with a Usual Place of Work, nearly two thirds (61%) of those jobs are not filled by District residents. Compared to the decline in out-commuting, the number of District residents working at a Usual Place of Work within their community remained relatively stable, but a significant number of local jobs are still filled by people that live elsewhere.

A Constrained Land Supply

Through the Official Community Plan, the District directs and accommodates growth and development through policies that regulate land uses for community and employment lands. The Employment Lands Analysis categorizes employment based on their activities and emerging trends to split jobs into three high-level land use categories that mirror the general employment land use designations identified in the OCP – Industrial, Commercial, and Institutional. An analysis of the District's land supply show that while the total area within the borders of the District totals over 16,000 hectares, only about 2,422 hectares (15%) of that land is considered to be developable. Of the developable land, 21% is currently designated for employment uses and split between Industrial (12%), Institutional (7%), and Commercial (3%).

Developable Land in the District of North Vancouver by OCP Designation



Source: District of North Vancouver – Note: *Excludes Parks, Open Space and Natural Areas, Roadways and other Right of Ways.

This is comparatively low when measured against other parts of the region, with other Metro Vancouver municipalities designating an average of 34% of their developable land for employment purposes. This is made more challenging still when looking at the composition of the District’s employment land supply, which features very little in the name of vacant or underdeveloped land and the bulk of the built employment space having faced critically low vacancy rates for extended periods of time. This shortage is further exacerbated by the loss of zoned Industrial lands, which decreased by nearly 4.5 ha since 2011.

Industrial Zoned Land Change in Hectares, District of North Vancouver, 2011 to October 2023

Period	2011 to 2016	2016 to 2021	2021 to Oct 2023	Net Change
Net Change	-3.42 ha	-1.27 ha	0.22 ha	-4.47 ha

Source: District of North Vancouver

Built space on these employment lands is critical to the accommodation of economic activity. A total of just over 17 million square feet of employment space exists in the District today, broken out as follows.

Estimated Employment Floor Space Supply by Land Use Class

Commercial	Industrial	Institutional
6,608,000 sq ft	6,645,000 sq ft	3,820,000 sq ft

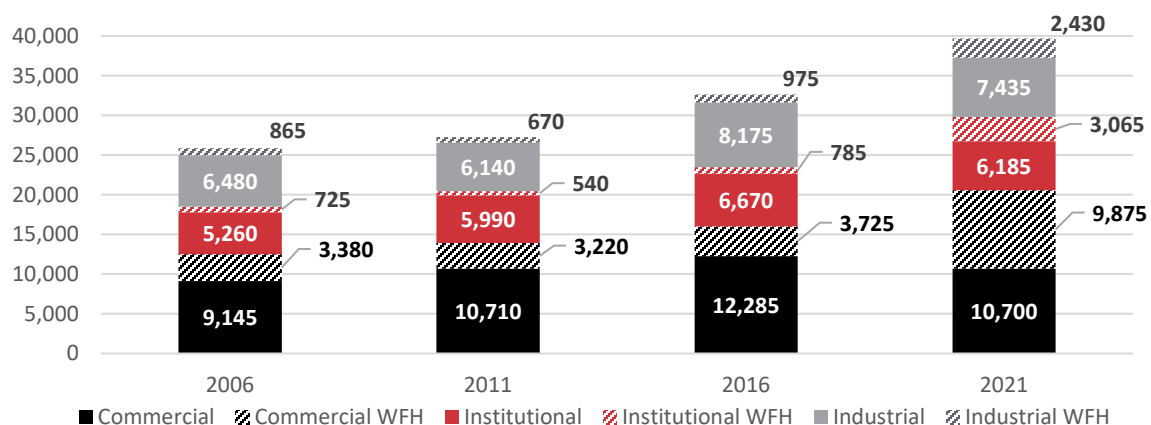
Source: B&A & Urban Systems, based on data from District of North Vancouver

Emerging Trends and Market Analysis

An analysis of emerging workplace and land use trends was undertaken at a regional and local level with land use related data for each of the major employment categories. Consideration of these trends provide a better understanding of the utilization of space and its subsequent implications for future employment growth and floor space needs. The key findings are summarized as follows:

- The District of North Vancouver was experiencing strong and steady growth in employment growth across Commercial, Industrial, and Institutional land use categories in the years prior to the pandemic. This general trend is expected to return in the years that follow.
- Technological innovation in automation and artificial intelligence is allowing industries to change the way goods are produced, organized, and distributed. Automation and digitization will enable increased efficiencies, reducing the amount of space needed for many employment activities.
- Many people that Worked From Home during the pandemic are starting to return to the workplace, but it is not expected that the rate of Work From Home employment will fully return to pre-pandemic trends. At the same time, the shift towards flexible work arrangements will persist – particularly amongst office-related jobs – resulting in a more dispersed allocation of employment between the regional Central Business District and suburban markets.
- Industrial, Commercial Office, Commercial Retail, and Institutional market data all show strong signs of demand in the post-pandemic period. Vacancy rates in each category are well below regional averages, with rents rising rapidly in turn. The underlying forces behind these trends are anticipated to persist for the foreseeable future, suggesting the demand for additional space and employment opportunities in each land use category are likely to continue.

Total Employment Location by Land Use & Work From Home, District of North Vancouver, 2006-2021



Source: Statistics Canada.

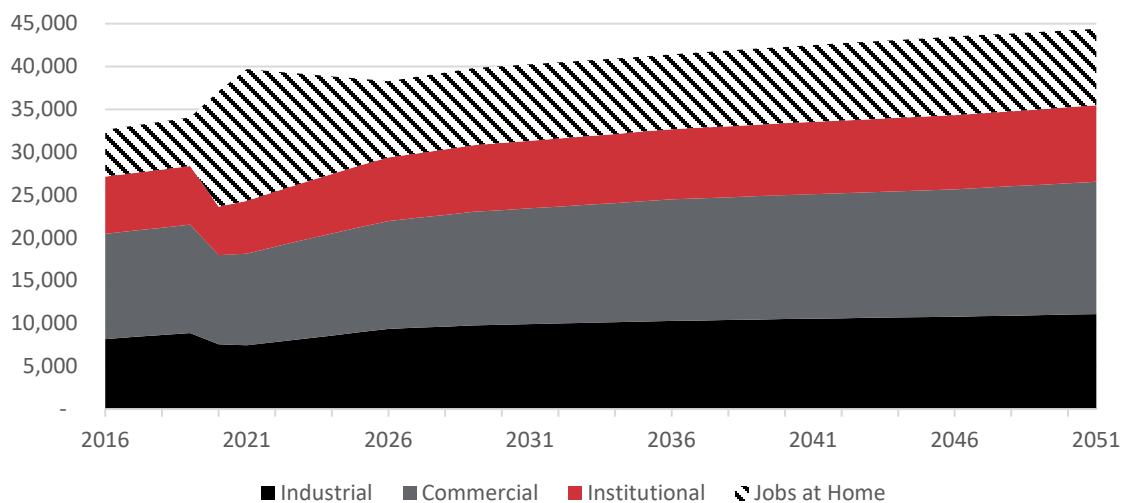
Growth Outlook and Demand Analysis

Starting with the regional population and employment forecast scenarios prepared by Metro Vancouver as part of the Metro 2050 Regional Growth Strategy, a demand analysis has been prepared to assess where future economic needs and potential gaps in land use development capacity are likely to occur. These projections anticipate the District of North Vancouver will reach a total population of 118,200 by 2051, while the total number of local jobs would increase to 47,900.

As they were published prior to the full release of the 2021 employment figures, the Metro 2050 projections did not fully capture the impacts of the pandemic, as indicated by the discrepancy between the projected 2021 employment count of 37,100 and the Census result of 39,690. To account for the shifts in employment resulting from Work From Home models and to encompass the varied affects of the pandemic on different industry sectors, the projections in this ELA have been adjusted to account for the employment changes as reported in the 2021 Census.

These projections were then further refined and adjusted downwards based on observed trends amongst different economic sectors and land use categories, resulting in a projection of employment broken out by the key land use categories. Overall, the District is projected to see a net increase of approximately 4,700 jobs between 2021 and 2051. However, this represents an increase of 11,150 jobs that are tied to employment land after accounting for the net decline of 6,440 Work From Home jobs as the impacts of the pandemic abate and more workers are called back to the office.

Employment Projection by Land Use Class, District of North Vancouver, 2016-2051



Source: B&A Studios, using data from Metro Vancouver and Statistics Canada

These projections were then translated into future floor space needs based on an analysis of employment space utilization in each of the key land use categories, along with future assumptions for how these needs may change based on industry and market trends, combined with local constraints. This analysis was supported and informed by a parallel assessment that considered the total amount of retail floor space the District could support based on current population projections, market capture, and spending patterns. Overall, the District is projected to require just shy of 4.2 million square feet of additional employment space by 2051. Of that, a little less than 1.4 million square feet of net Commercial space demand is projected, roughly 80% of which is anticipated to be retail in nature. Institutional space demand is projected at just shy of 1.1 million square feet, while Industrial is projected at just over 1.7 million square feet.

Net Employment Change and Floor Space Demand, District of North Vancouver, 2021-2051

Net Employment Change	2021-2051	Share	Change
Commercial	4,750	43%	44%
Industrial	3,650	32%	49%
Institutional	2,750	25%	45%
Total	11,150	100%	46%

Net Floor Space Demand (sq. ft.)	2021-2051	Share	Change
Commercial	1,373,000	33%	21%
Industrial	1,707,000	41%	26%
Institutional	1,097,000	26%	29%
Total	4,177,000	100%	24%

Source: B&A Studios

To understand the implications of this projected employment and floor space demand, further analysis was conducted with regards to the where such growth could be accommodated. Sub-area profiles were developed for several Town Centres and Villages identified by the District of North Vancouver Official Community Plan, along with a handful of other special study areas that represent key clusters and areas of opportunity for future economic growth². These Key Growth Opportunity Area profiles considered various factors related to the existing supply of space and land, recent development and investment activity, market trends and locational preferences, and the capacity for future development under current land use policies and zoning.

² Includes the Marine Drive corridor, which is not its own Village Centre, but is considered to a special study area that forms part of the Lions Gate Village Centre.

Incorporating this analysis, an allocation of projected growth was developed between each of the key growth opportunity areas and the rest of the District. This allocation was presented in two scenarios:

- **Low Scenario:** represents the current trajectory of growth under existing market trends, and land supply and policy constraints.
- **High Scenario:** represents an ambitious but feasible future where the District is successful in shifting additional investment and employment activity towards these nodes through proactive land use policy, coupled with favourable market conditions.

Projected Distribution of Gross Floor Area Growth by Key Growth Opportunity Area, 2021-2051

Key Growth Opportunity Area	Commercial (sq ft)		Industrial (sq ft)		Institutional (sq ft)	
	Low	High	Low	High	Low	High
Town & Village Centres	604,000	892,000	188,000	341,000	132,000	373,000
Deep Cove VC	14,000	27,000	-	-	-	11,000
Edgemont VC	41,000	69,000	-	-	22,000	33,000
Lions Gate VC	82,000	124,000	-	-	22,000	66,000
Lynn Creek TC	137,000	206,000	171,000	239,000	44,000	88,000
Lynn Valley TC	82,000	110,000	-	-	22,000	66,000
Maplewood VC	82,000	110,000	17,000	102,000	22,000	66,000
Marine Drive	165,000	247,000	-	-	-	44,000
Industrial Areas	220,000	275,000	324,000	512,000	33,000	66,000
Maplewood IA	110,000	137,000	120,000	239,000	33,000	66,000
Marine Drive IA	110,000	137,000	205,000	273,000	-	-
Rest of DNV	549,000	206,000	1,195,000	854,000	932,000	658,000
District Total	1,373,000	1,373,000	1,707,000	1,707,000	1,097,000	1,097,000

Source: B&A Studios

- Commercial employment is projected to have the greatest potential to be accommodated in the Key Growth Opportunity Areas, with between 60% and 85% of projected employment activity likely to locate within these locations, spread between retail and office uses in mixed-use formats.
- Industrial growth is split between the industrial waterfront and Key Growth Opportunity Areas (specifically Lynn Creek, Maplewood and the Maplewood and Marine Drive Industrial Areas). Between 30% to 50% of net Industrial growth could be accommodated in the Opportunity Areas, depending on the District’s ability to encourage multi-storey intensification of existing lands.
- Institutional growth opportunities are more dispersed across the District, primarily located in schools, including Capilano University, and other community facilities. Future Institutional growth within the Key Growth Opportunity Areas is projected at between 15% and 40%.

SWOC Analysis

The findings of the Employment Lands Analysis are summarized in the following assessment of the District of North Vancouver's economy in terms of current strengths and weaknesses, along with future opportunities and challenges.

Strengths

- The North Shore lifestyle is a strong attractor for businesses and customers alike.
- Natural amenities are significant draw for tourism and film industry.
- The District's policies to direct growth towards key nodes supports development of complete communities that are distinct, with different offerings for a wide range of businesses.
- Proximity to Downtown Vancouver is seen as a plus for many businesses with linkages to the Central Business District and other centrally located industries.
- Competitive non-residential tax rates, particularly for heavy industrial users.
- Direct access to the Port of Vancouver provides unique advantages for shipping and shipbuilding related industries.
- The District's small businesses and local amenities contribute to the vibrancy of the Town and Village Centres while offering a range of goods and services.

Weaknesses

- Housing affordability and cost of living are making it increasingly difficult for the workers to live in the District, causing employers to face difficulties in attracting and retaining employees.
- Fully built out nature of employment land supply, coupled with extremely low vacancy rates, limits opportunities for existing businesses to grow and newcomers to invest in the community.
- Sustained periods of low vacancy rates have put upward pressure on market rents, reducing affordability for many businesses.
- Implementation of mixed-use development potential has driven up assessed land values in certain areas, which are being passed on to tenants via triple-net leases.
- Many existing buildings in light industrial areas are older in nature, and do not feature the design elements and amenities that make them desirable for modern businesses.
- Limited access points into and through the District and North Shore region create transportation bottlenecks that challenge businesses both in terms of attracting employees and ensuring the timely delivery of goods.

Opportunities

- Capitalize on the linkages and access to natural amenities to both expand tourism and film related activity, while also creating value for businesses choosing to locate in the District.
- Leverage natural beauty towards attraction for green, smart, and clean industries to contribute to emerging cluster of industry activity.
- Capitalize on pandemic-induced locational preference shifts to potentially attract new investment in office space for satellite spaces that are re-evaluating their space needs.
- Support coordination between local post secondary institutions and business community to equip graduates with the skills sought by local businesses.
- Conduct evaluation of light industrial and other mixed-use policies to ensure they are calibrated appropriately to unlock redevelopment potential for intended economic function.

Challenges

- Competing needs for residential and employment spaces due to the lack of greenfield available for development.
- Competition for space between office and retail businesses is resulting in office functions locating at grade, impacting retail streets and hindering street front vibrancy.
- Continued threat of erosion and conversion of remaining industrial lands, including port and port-supporting lands, in the face of residential encroachment.
- Global inflation and overall affordability in the district could slow the rate of employment and economic activity as employers continue to face difficulties in attracting and retaining workers.
- Critical transportation bottlenecks outside of District's jurisdiction present logistical challenge for many local businesses that may increase as the region intensifies.
- Ageing population poses a risk to the economic productivity of the municipality as the local population ages out of the workforce.

Key Takeaways

Based on the analysis of emerging trends, the implications of employment projections and associated land demand, and the general findings of the SWOC analysis, key takeaways to be considered for the Economic Development Strategy have been summarized as follows:

District-wide

- Review current land use zoning permissions and supplementary policies to ensure they permit and encourage the development of space for preferred forms of economic activity.
- Preserve the remaining industrial land supply.
- Consider expanding the permitted non-residential activities in select light industrial zones and designations to encourage the redevelopment of strategically located industrial stock at higher densities, while still maintaining the intended economic function.
- Form collaborative partnerships to determine the best possible use of industrial lands nearby the Port.
- Encourage the development of a mix of housing options in proximity to employment nodes that support local employers.
- Explore opportunities to incentivize the inclusion of live-work spaces for small businesses and offices in mixed-use residential redevelopment.
- Review mixed-use redevelopment requirements to ensure no net loss of employment space in key employment clusters.
- Review zoning permissions for commercial and mixed-use developments along commercial main streets to ensure a vibrant mix of ground floor retail and services.
- Explore policy options to encourage or require office functions be directed to above grade commercial spaces.
- Partner with neighbourhood-level business organizations to coordinate programming of public spaces through ground-up initiatives to encourage vibrancy and activation of commercial nodes.
- Allowing for the zoning of small retail hubs into residential areas outside of key commercial nodes to provide amenities and daily essentials.
- Improve connectivity between key commercial nodes, community amenities, and highly frequented public buildings to facilitate seamless mobility in addition to access to businesses along these corridors.

Key Economic Growth Opportunity Areas

- Allow the key opportunity areas to become destinations of choice by activating public spaces, plazas, and streets to create attractive and unique qualities attractive to businesses, residents, and visitors.
- Conduct a review of density and related zoning policies and types of development on OCP-designated industrial District-owned land in North Maplewood, to create alignment of land use and activities that will accommodate employment growth due on a future constrained industrial land footprint in the area.
- Work in partnerships with Tsleil-Waututh First Nation to support the potential development of the Statlaw District in meeting the projected demand for goods and services as well as employment growth.
- Assess the density, built form, and mix of industrial, office, and commercial uses permitted under key opportunity light-industrial areas, such as Lynn Creek, Maplewood, and Pemberton/Marine Drive.
- Introduce a Commercial Office policy framework, including density bonusing in high-growth mixed-use and light industry intensification opportunity areas, such as Lynn Creek, Maplewood, Lion's Gate and surrounding commercial and industrial areas.
- Determine a baseline requirement for Commercial (Retail & Office) spaces along transit-oriented development corridors (such as Marine Drive) and within the areas identified as Transit Oriented Areas under recent provincial legislation to ensure employment space is provided alongside housing in areas of concentrated growth.