

Vancouver Economic Development Commission City Hall – Business Leader Quarterly Dialogue

March 10, 2009, 7:30 – 9:30 a.m.

Plaza 500 Hotel

VEDC CEO Phil Heard opened the meeting at 7:45 a.m. and welcomed the attendees. Representing City Hall were Mayor Gregor Robertson, Councillors Susan Anton, Raymond Louie and Geoff Meggs, and Deputy General Manager of Community Services Brenda Prosen.

Representing the private sector were Ron Bagan of Collier's International, Mark Betteridge of Discovery Parks, Soren Harbel of BC Innovation Council, Michael Heeney of Bing Thom Architects, Karim Kassam of Ballard Power, Maureen Kirkbride of TELUS, Deborah Lykkemark of Culinary Capers, Valerie Mann of Lawson Lundell LLP, Ken Peacock of the Business Council of British Columbia, and Bob Wilds of the Greater Vancouver Gateway Council.

Economic Outlook

Ken Peacock, Director of Economic Research of the Business Council of British Columbia, presented a global and provincial economic outlook. He emphasized the magnitude of the challenges BC will be facing in the coming year, while also noting some strengths of the local economy.

Ron Bagan, Managing Director of Collier's International, described the state of regional real estate markets. Materials presented by Mr. Bagan can be found [here](#). Approximately 800,000 square feet of sub-lease office space has come on the market in Vancouver's downtown, an historic high, with downtown accounting for nearly 2/3 of available sublease space in the region. The office availability rate is 6.5%, compared to an actual vacancy rate of 2.1%. New lease rates for downtown real estate have dropped from \$40 per square foot to \$28, but firms looking to cut costs continue to consider moves to lower-priced real estate outside downtown.

The industrial vacancy rate in the region has increased to 2.5% from 1.5% a year earlier, partly due to new supply in Burnaby, Richmond and Langley. In Richmond, Microsoft has released 200,000 square feet of sublease space. Financing remains an issue particularly for industry, but affecting many commercial transactions, although this is expected to ease in 2009.

Jonathan Kassian presented VEDC's Quarterly Economic Report, noting that the city's economic diversity was serving it well, with serious weaknesses in some sectors balanced by strength in others. The recession does not appear to have had a major impact to date, but significant concern exists for the future.

Other comments:

- in the transportation sector, volume is down significantly in many commodities, the worst being potash (down over 80% from last year), but grain, coal and some other commodities are performing relatively well
- in legal services, transaction-based business is down significantly, but bankruptcy and labour/employment business is increasing
- restaurant and food service business is down significantly, and expected to continue that way through 2009
- foreign sales of green technologies continue to be strong and the outlook is good
- major deals in high tech are disappearing and life sciences in particular is suffering in the credit crunch. Larger telecoms are making significant layoffs worldwide, though not yet in BC.

Economic Development Strategy for the Region

John Tylee provided an update on VEDC's work to develop an economic development strategy for the city. His presentation identified five economic challenges facing the region:

- the future of MetroCore and providing space for a diversified economy to grow
- competition for and maximizing the value of human resources
- workforce housing
- addressing climate change
- increasing productivity

He also outlined ways in which local governments can address these challenges.

Comments on the presentation included:

- an emphasis on the importance of workforce housing, especially for families. Mid-career professionals with urban sensibilities who can't find affordable housing in Vancouver often move to other cities over moving to the suburbs
- the important health care sector should be given more prominence
- attention should be paid to zoning issues and how to create more flexibility, given that high tech buildings and functions, except those involving life sciences, were, for all intents and purposes, the same as commercial offices. If the goal is job creation, then zoning should focus on employment goals over a strict delimitation of function or a focus on particular technology
- the successful SoMa district in San Francisco may be a model the city could emulate in False Creek Flats
- small companies find it easy to set up in Vancouver, but as they grow, finding suitable property becomes a major problem

Mayor Robertson laid particular emphasis on the tremendous human resources in the city, on its entrepreneurialism, and on the city's multiculturalism, which helps attract regional offices and puts Vancouver on the map internationally. He also noted the importance of different types of spaces, particularly incubator spaces that help entrepreneurs create innovative companies. Creating mixed-use zones may permit the development of new companies that can bridge into manufacturing the products they develop here.

The Mayor concluded by noting that now is the time to take action on strengthening the economy.

Phil Heard thanked the participants for their input, and adjourned the meeting at 9:30 a.m.