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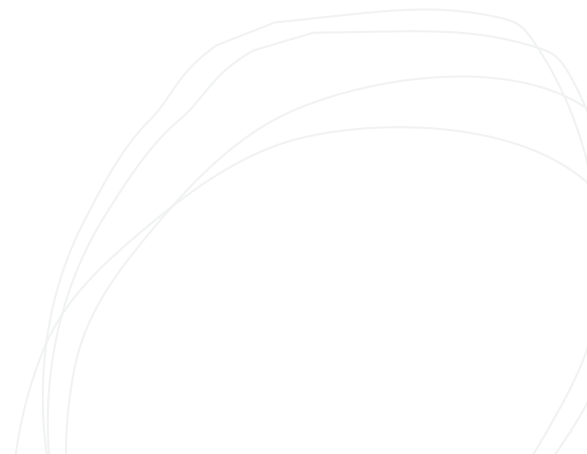
# Greater Vancouver Economic Scorecard

## Report Overview

**Dr. Daniel F. Muzyka**

President and Chief Executive Officer

The Conference Board of Canada



# Why a Regional Scorecard?

A regional scorecard:

- Provides an evidence-based foundation for performance evaluation
- Identifies areas for performance improvement
- Defines areas for further growth
- Helps set the agenda
- Helps track progress



# Purpose of Greater Vancouver Scorecard

- Major trends: globalization, rise of Asia, knowledge economy, aging population.
- Greater Vancouver, like all major cities, is in a global competition for talent and investment.
- Scorecard's purpose is to assess Greater Vancouver's relative strengths and weaknesses in socio-economic performance.
- Also provides evidence-based research for GVBOT's policy analysis.



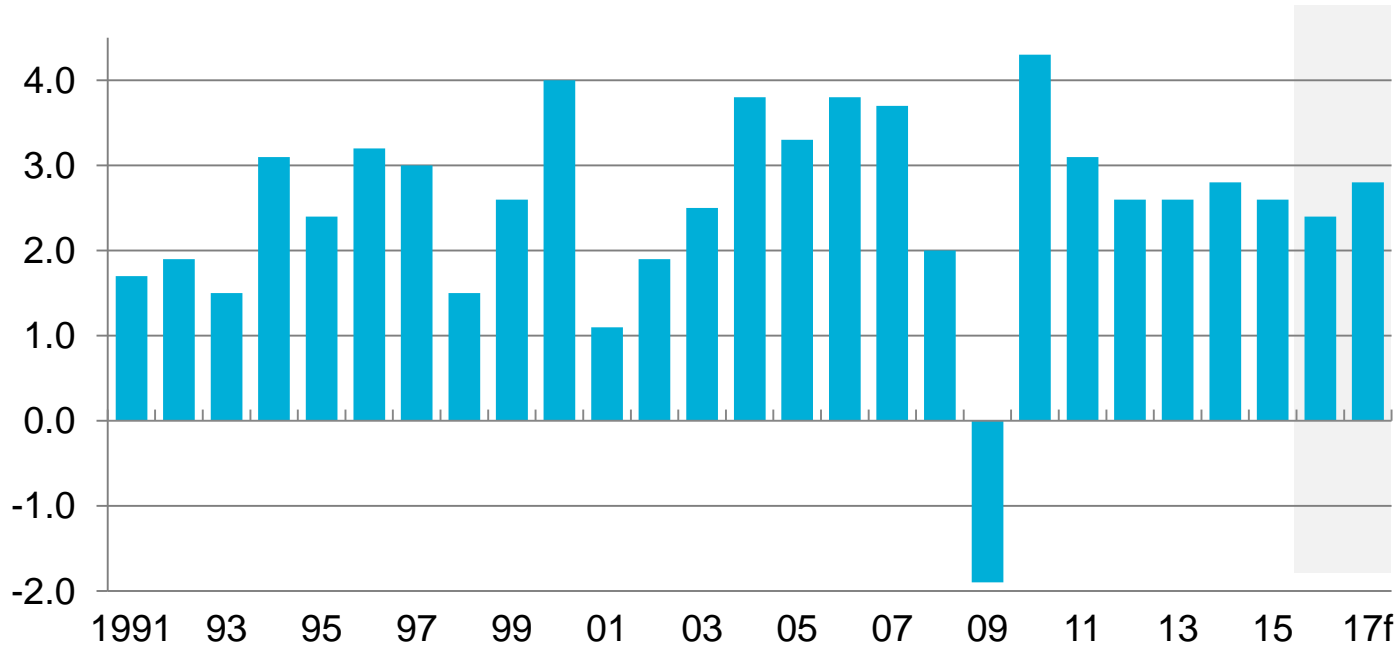
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# World Real GDP Growth

per cent change



Source: Consensus Economics.



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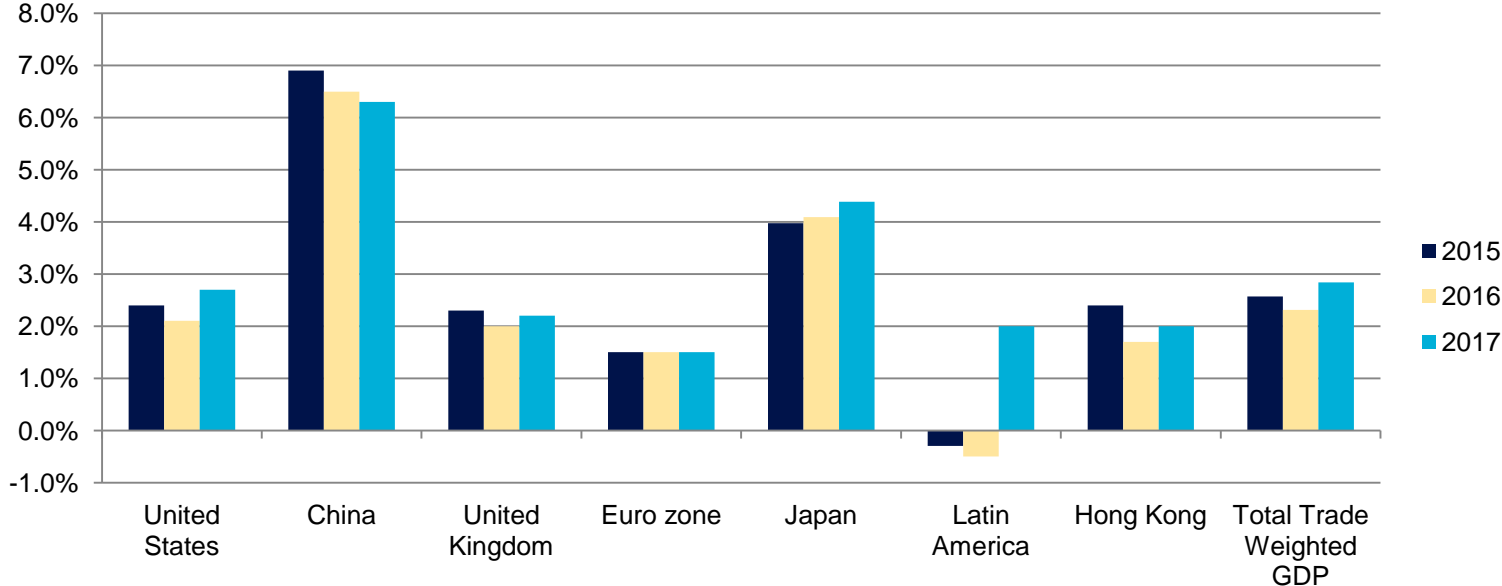
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# Tepid Global Growth an Impediment to Improving Exports

per cent change



Source: Consensus Economics.

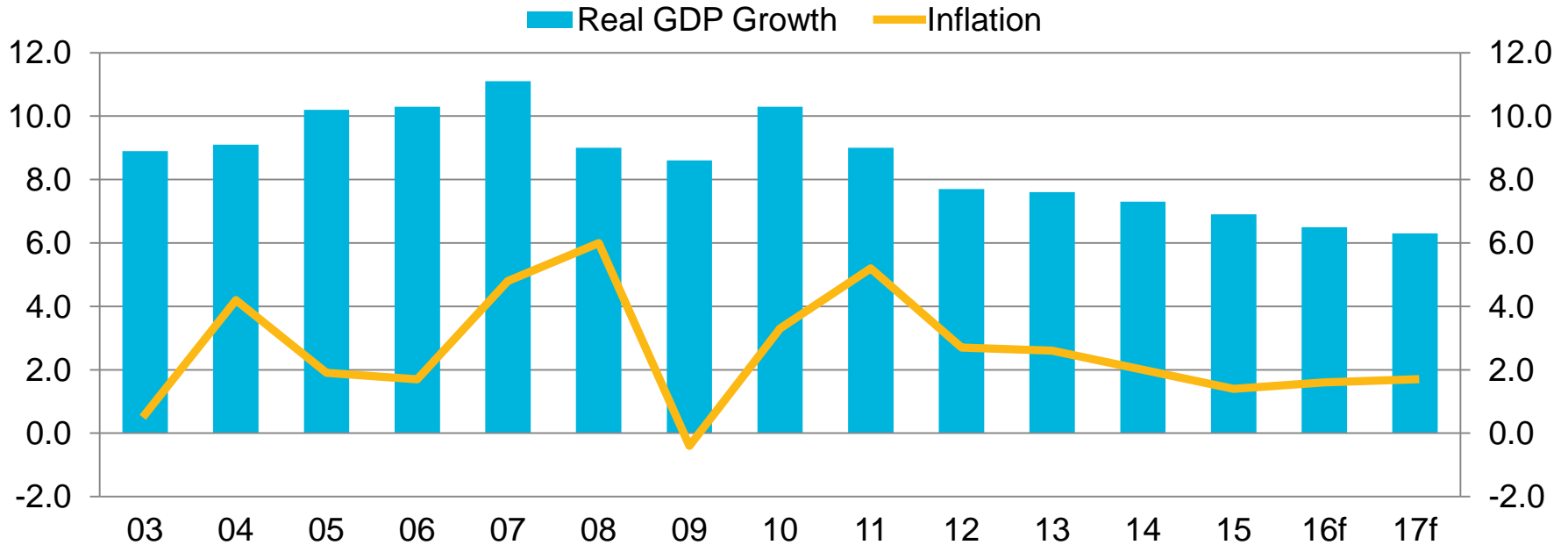
# Gateway to Asia

- The 11 TPP countries account for almost 2/3 of B.C.'s trade.
  - Japan is still the number three economy, even if growth is stalled.
  - Free trade agreement with India is in the works.
- Emerging markets have slipped:
- China will struggle to grow by 7 per cent next two years.
  - Brazil and Russia in recession.
  - But Indian performance has recently improved.



# China: Real GDP Growth and Inflation

per cent change



Source: Consensus Economics.



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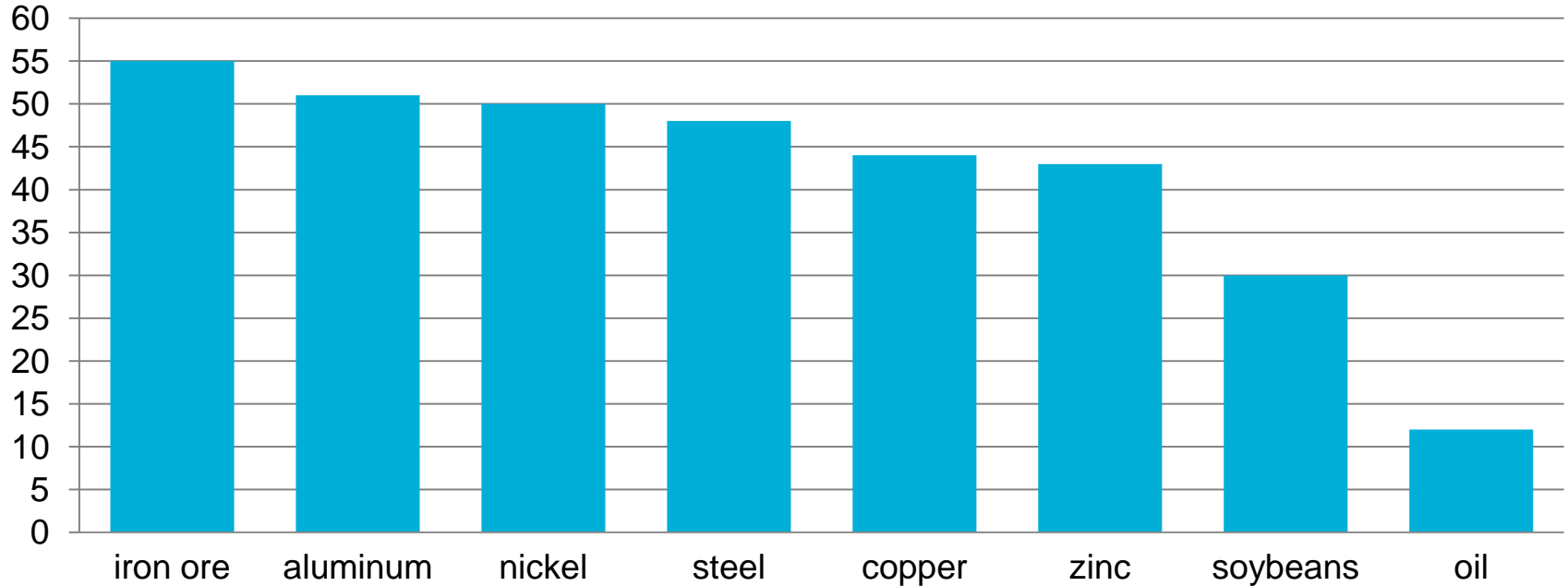


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# China's Global Influence

per cent share of global consumption (2014)



Source: World Bank.



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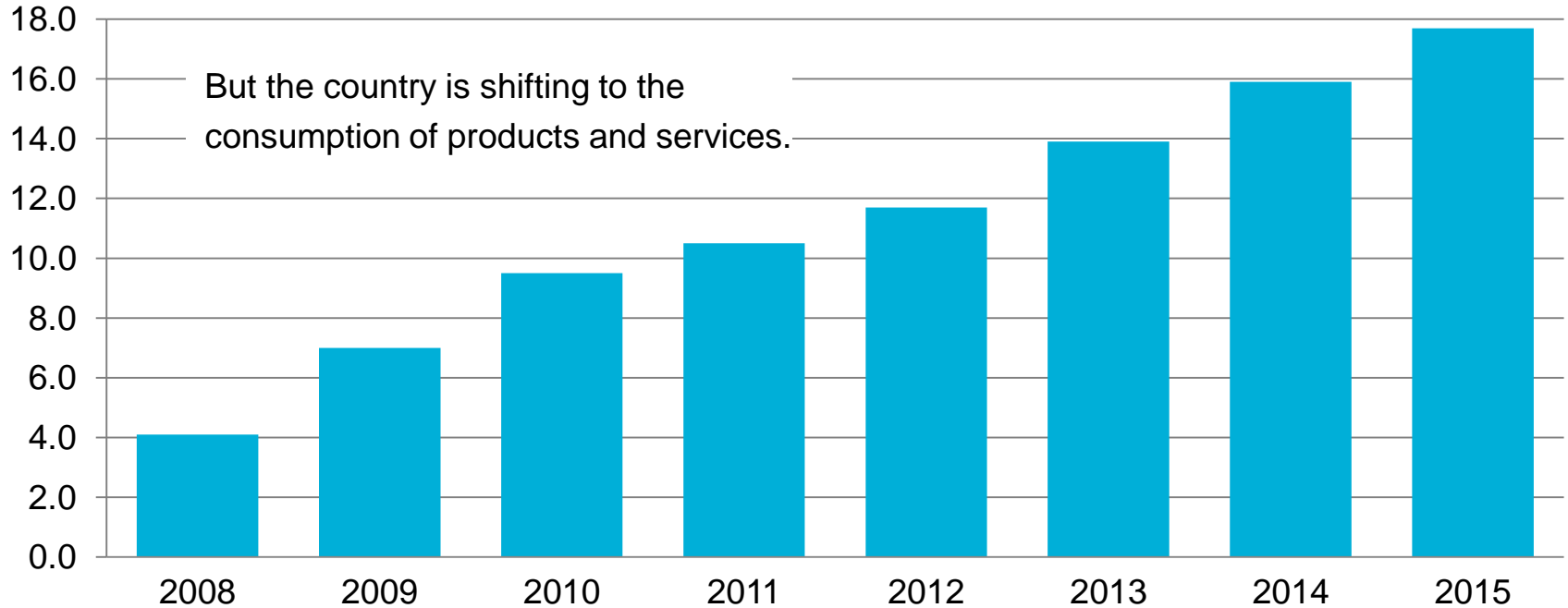
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# Auto Sales in China

millions, passenger vehicles



Source: Statistica 2016.



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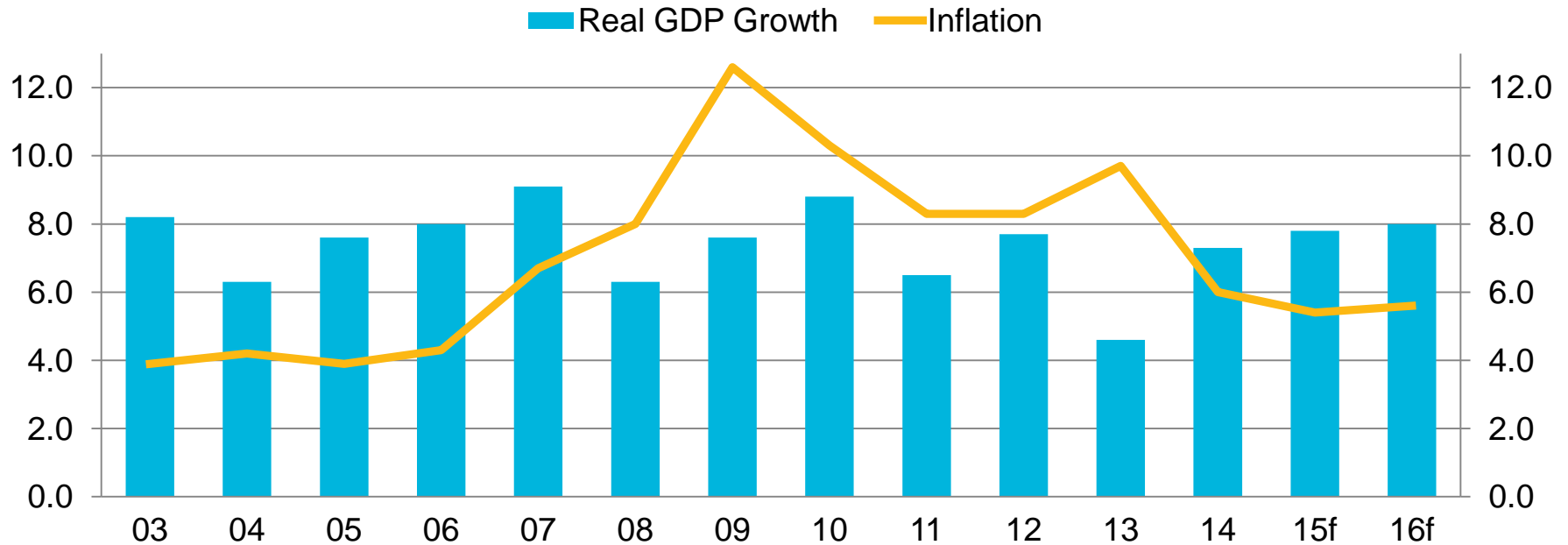
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# India: Real GDP Growth and Inflation

per cent change



Source: Consensus Economics.



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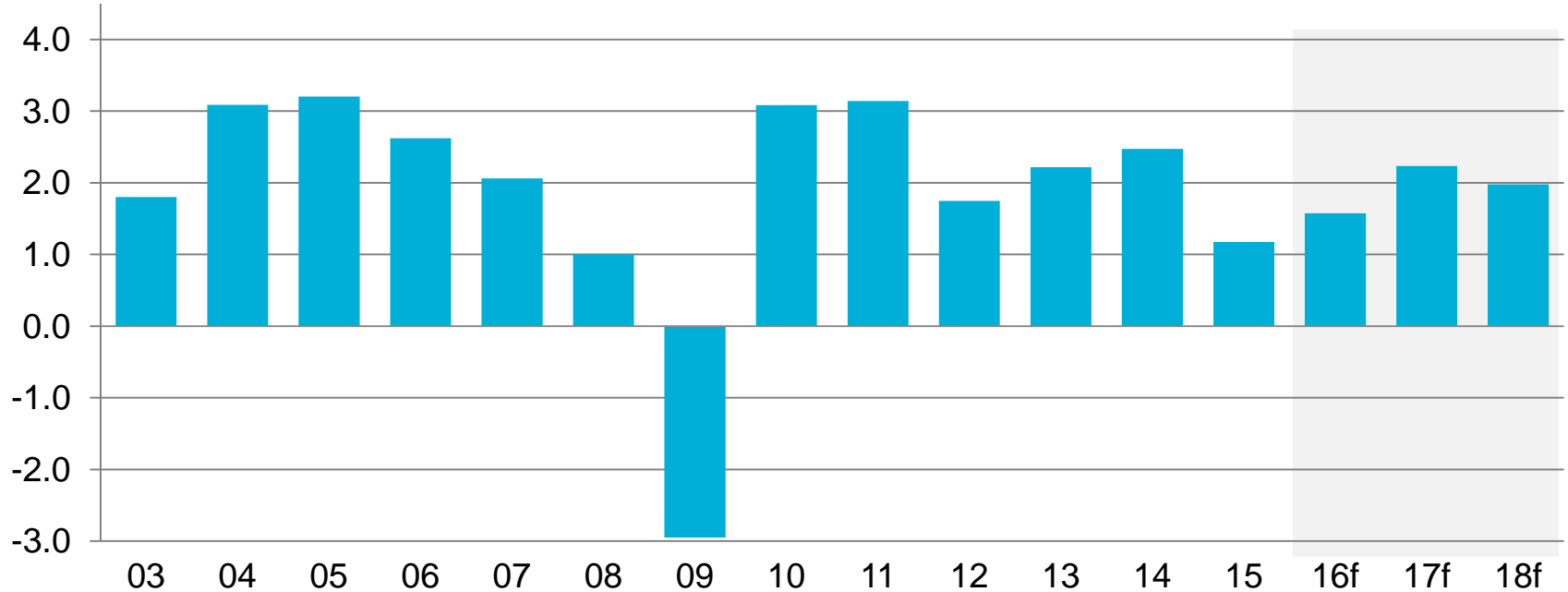
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# Canada's Real GDP Growth

per cent change



Sources: Statistics Canada; The Conference Board of Canada.



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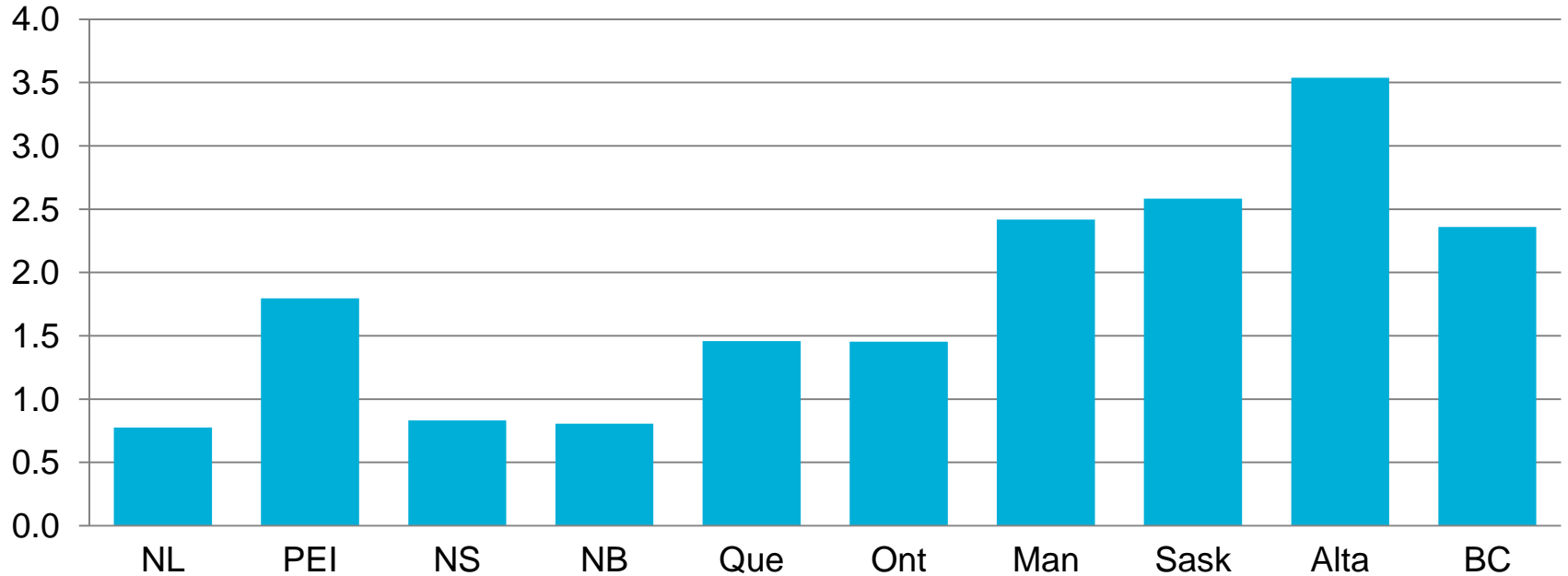


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# The Resource Decade—Real GDP by Province

average annual compound growth, per cent

■ 2004-14



Sources: Statistics Canada; The Conference Board of Canada.



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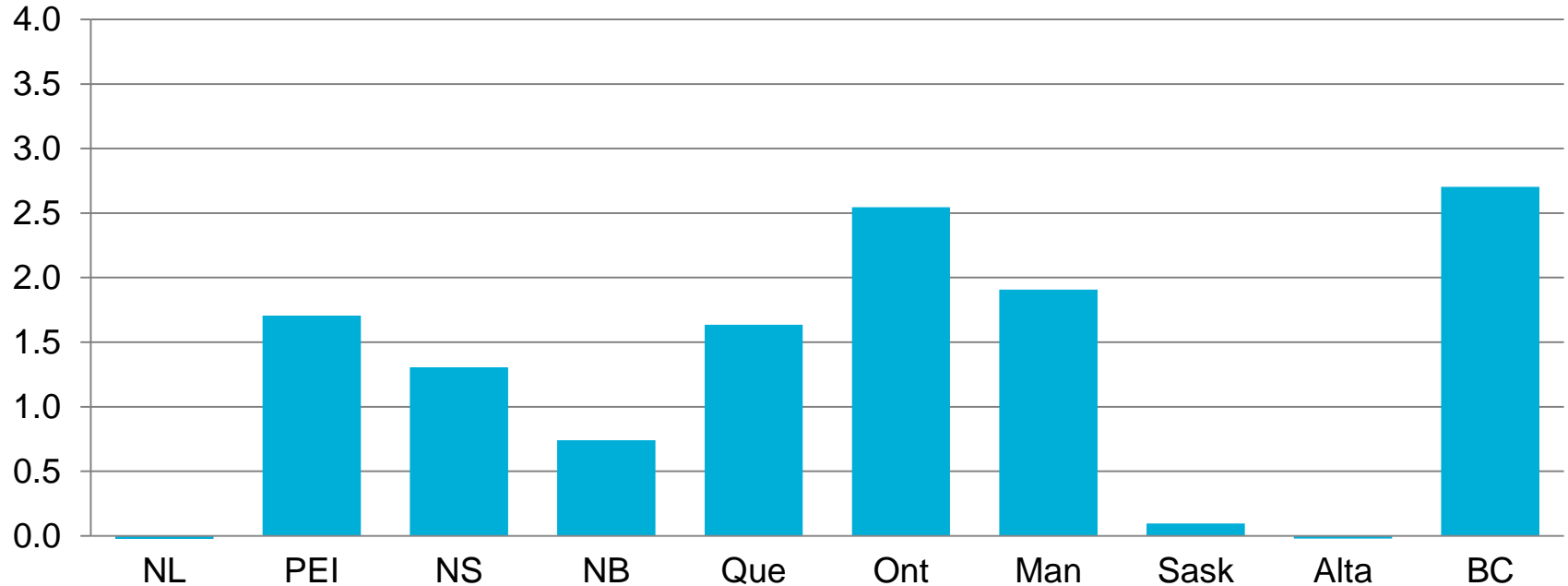


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# The Resource Crash—Real GDP by Province

average annual compound growth, per cent

■ 2015-18



Sources: Statistics Canada; The Conference Board of Canada.



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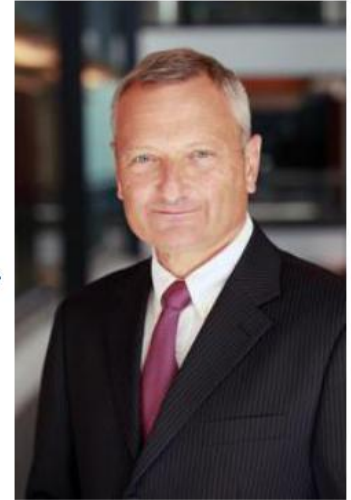
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# Canada's Aging Demography and the Knowledge Economy

- To replenish the workforce, Canada needs to add more highly skilled workers and replace retirees:
  - Invest in education— increase the skills and participation of the workforce.
  - Raise levels of immigration and speed up integration.



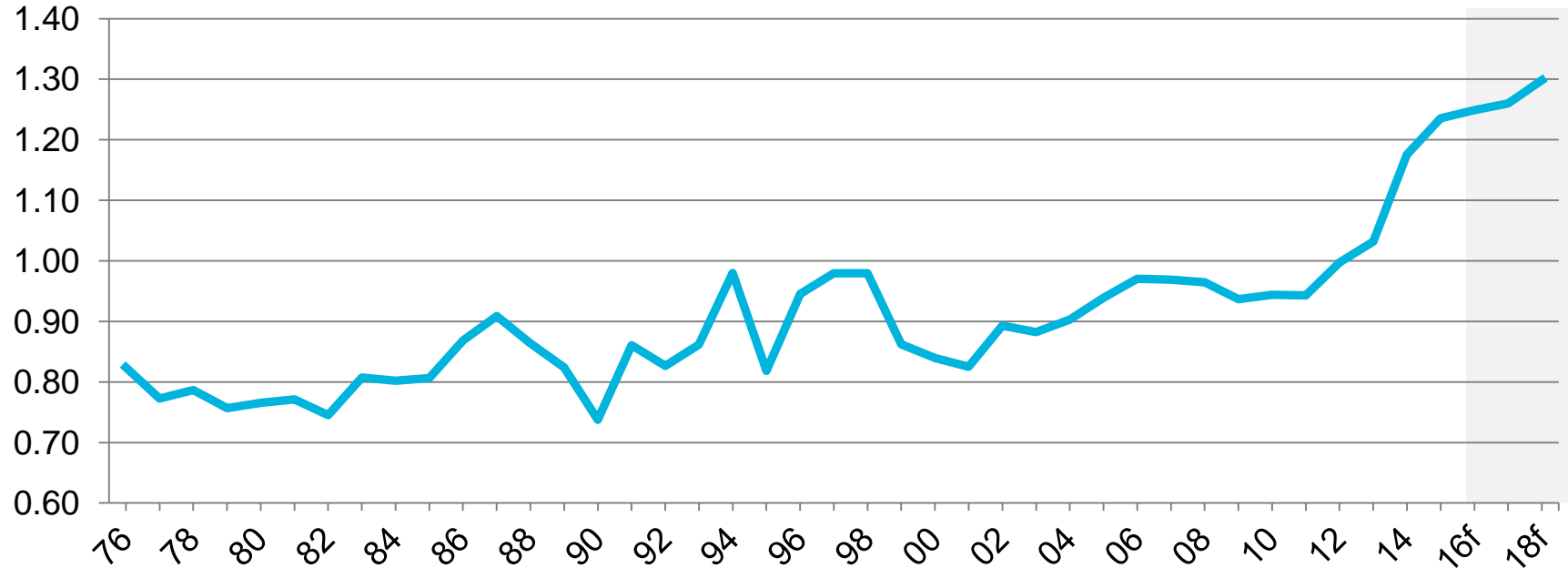
**Transformation Made Personal**





# Canada's Retirement Rate

per cent share of the labour force (1976-2018)



Sources: The Conference Board of Canada; Statistics Canada.



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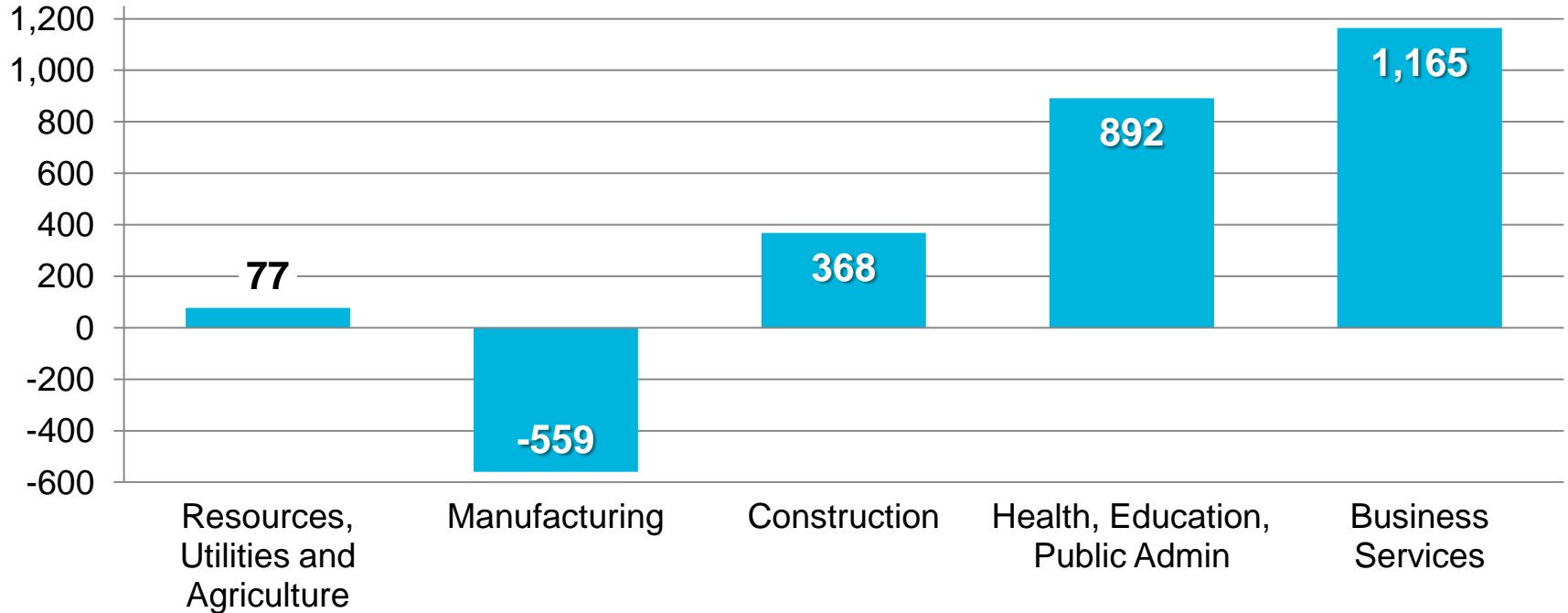
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# Canada's Employment Gains

level change in 000's (2004-14)



Sources: The Conference Board of Canada; Statistics Canada.



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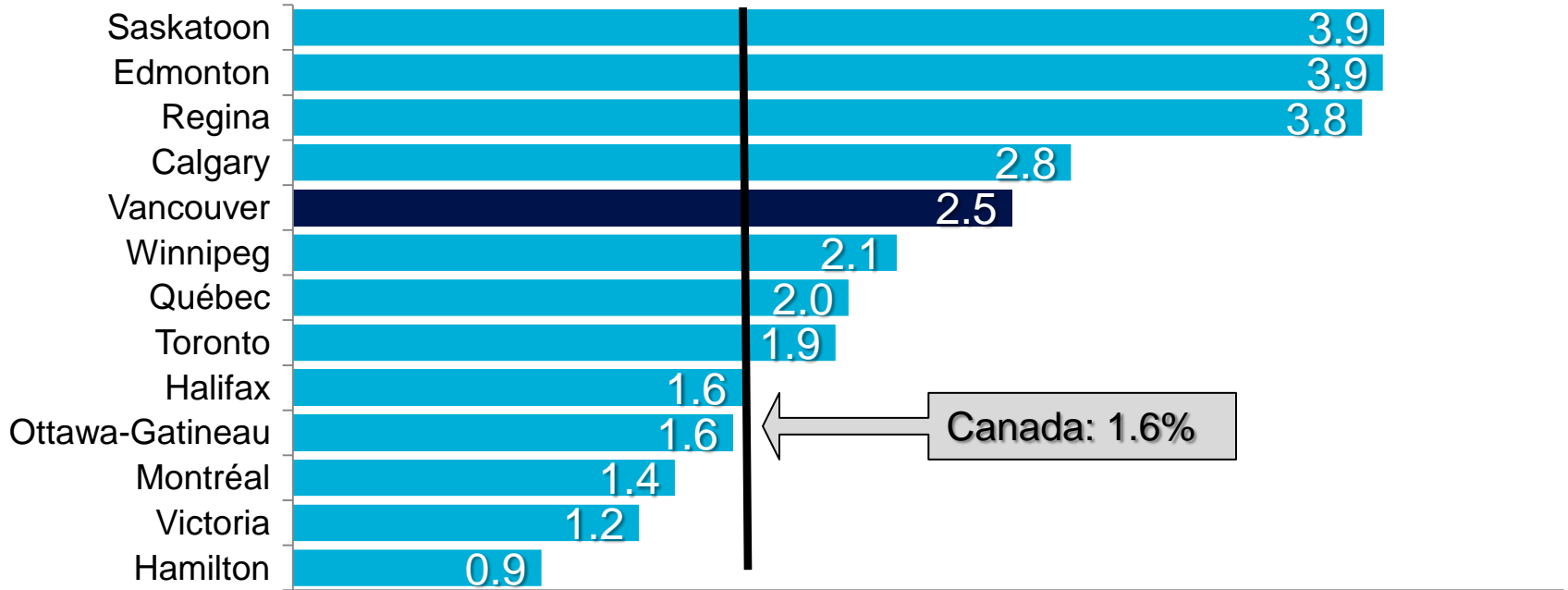
# Impact on Greater Vancouver

- Greater Vancouver's economy has been strong and the outlook is bright.
- Why the optimism?
  - Expect more agglomeration:
    - Knowledge workers cluster.
    - Immigrants tend to settle in large cities.
  - Given globalization/Asia-Pacific growth/TPP—“Gateway” dynamics will increase.



# Real GDP Growth by CMA: 2006-15

average annual per cent change



Source: The Conference Board of Canada.



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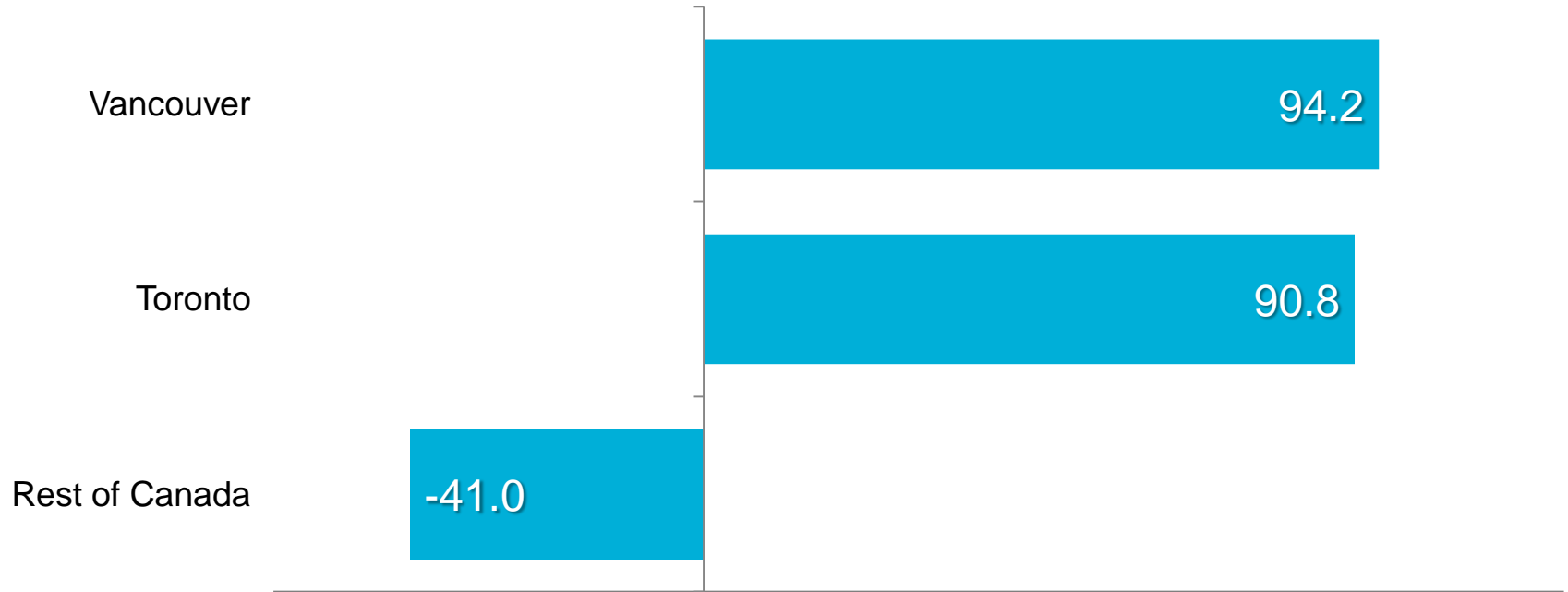
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# Where the Jobs are Being Created in Canada

level change in 000's (April 2016 over April 2015)



Sources: Statistics Canada; The Conference Board of Canada.



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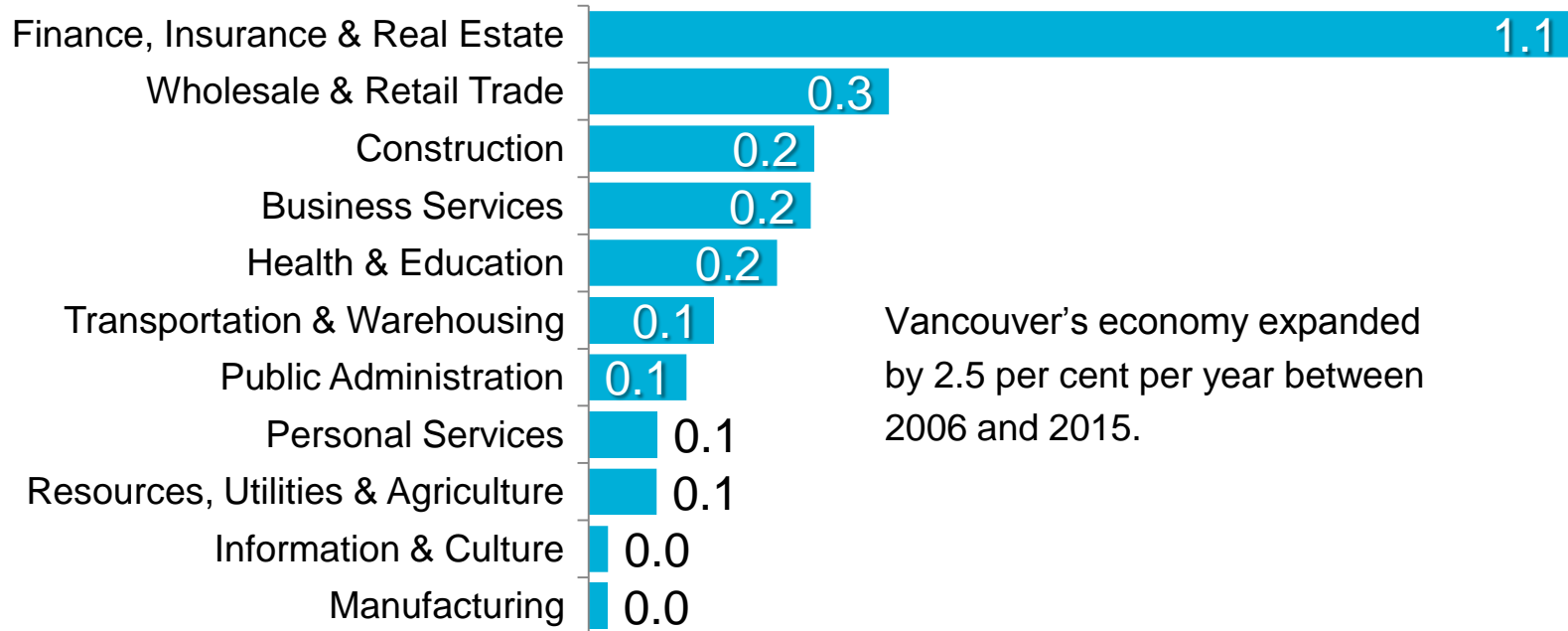
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# Contribution to Growth over 2006-15

Vancouver (percentage added to total real GDP growth)



Vancouver's economy expanded by 2.5 per cent per year between 2006 and 2015.

Source: The Conference Board of Canada.



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# Vancouver to be Canada's Growth Leader

- Vancouver is expected to lead all major CMAs in economic growth between 2016 and 2020.
- Vancouver's status as the Gateway to Asia and the continued rise of the Asia-Pacific region bodes well for local trade and transportation outlook.
- Local trade outlook will also be buoyed by healthy U.S. economy.
- Post-secondary institutions and local labour talent means many ingredients are in place to take advantage of rising services trade and other knowledge-based growth.



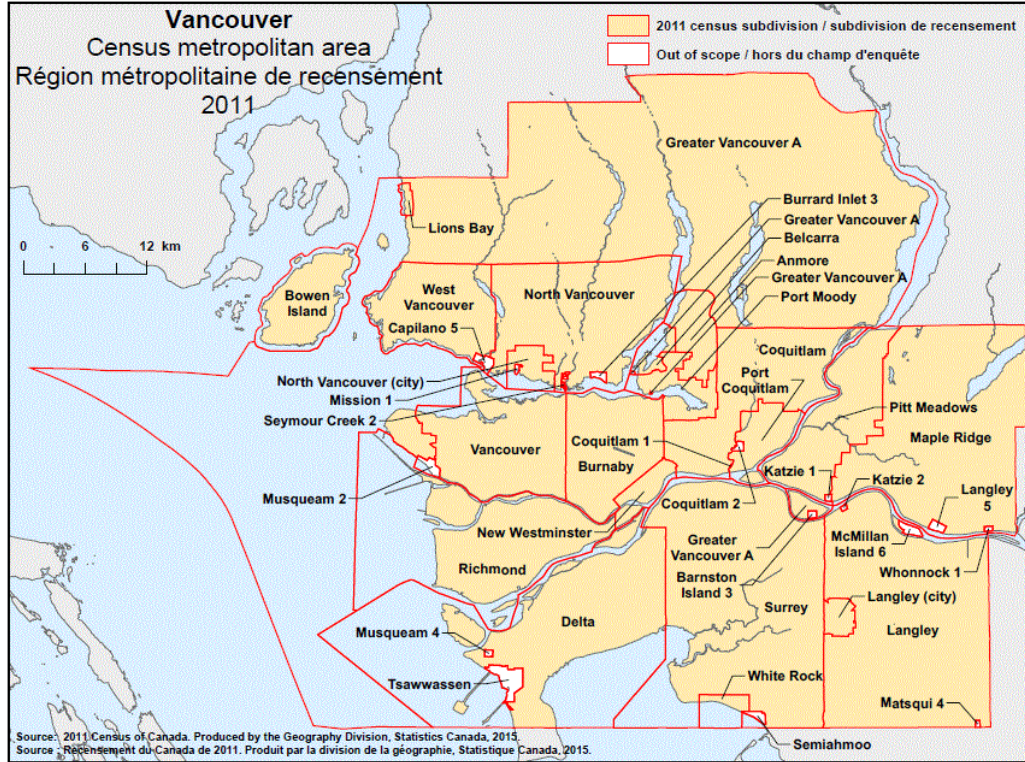


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# Greater Vancouver Map



# Criteria for Selecting Comparator Regions

- Each of the selected metro areas meet one or more of the following criteria:
  - A transportation hub.
  - One of Greater Vancouver's Canadian competitors.
  - One of Greater Vancouver's Pacific Northwest competitors.
  - Comparatively sized to Greater Vancouver.
  - Located in a rapidly emerging economy.
  - A popular tourist destination.



# Benchmarking: Metro Regions

Barcelona	Portland
Calgary	Rotterdam
Copenhagen	San Francisco
Halifax	Seattle
Hong Kong	Seoul
Houston	Shanghai
Los Angeles	Singapore
Manchester	Sydney
Miami	Toronto
Montreal	<b>Greater Vancouver</b>

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# Benchmarking: Ranking Method

- This study uses a report card-style ranking of A–B–C–D (indicators are divided into quartiles) to assess performance.
- Backward looking—all indicators end in 2014 or earlier.
- The report features 32 indicators divided into two categories: Economy (21) and Social (11).
- Economy category also includes indicators that measure transportation (ports, airports, rail and trucking) performance.
- The overall ranking is an average of the Economy and Social category scores.
- For more information: <http://www.conferenceboard.ca/hcp/methodology.aspx>



# Vancouver Scorecard: Key Findings

- The overall results of the Scorecard offers mixed news for Greater Vancouver—it finishes 9<sup>th</sup> out of 20.
- Greater Vancouver does slightly better in the Social category than in the Economy category.
- Within the Economy category, Greater Vancouver ranks highly among the transportation-oriented indicators.
- Region still faces significant challenges that threaten its economic vitality.



# Greater Vancouver's Economic Performance

Indicator	Grade	Ranking
KPMG's total tax index	A	3 (12)
Office rents (US\$ per square foot)	A	5 (17)
Port cargo tonnage per \$1 million of GDP	B	3 (19)
Labour productivity growth	B	7 (20)
Employment growth	B	11 (20)
Venture capital investment per \$1 million of GDP	C	4 (11)
Port container traffic (TEUs) per \$1 million of GDP	C	5 (19)
Real GDP per capita growth	C	7 (20)
Number of cruise vessel calls	C	7 (18)
After-tax income growth	C	8 (19)
Number of participants at international associations meetings	C	8 (19)



# Greater Vancouver's Economic Performance

continued

Indicator	Grade	Ranking
Inbound airport cargo tonnage per \$1 million of GDP	C	9 (20)
High-tech employment share	C	9 (19)
Unemployment rate	C	10 (20)
Inbound airport seats per capita	C	10 (20)
Marginal effective tax rate on capital investment	C	10 (17)
International visitors	C	11 (20)
Labour productivity	C	12 (20)
After-tax income per capita	C	13 (20)
Real GDP per capita	C	14 (20)
Market size	D	16 (20)



# Economy Report Card

“A” Metros		“B” Metros		“C” Metros		“D” Metros	
1.	Singapore	5.	Seattle	10.	Seoul	18.	Los Angeles
2.	Hong Kong	6.	Copenhagen	11.	Sydney	19.	Manchester
3.	Shanghai	7.	Houston*	12.	Rotterdam	20.	Miami
4.	Calgary*	8.	San Francisco	13.	Toronto		
		9.	<b>Vancouver</b>	14.	Halifax		
				15.	Barcelona		
				16.	Montreal		
				17.	Portland		

\* Results for Calgary and Houston do not take into account the decline in oil and gas prices.



# Greater Vancouver's Social Performance

Indicator	Grade	Ranking
Air quality	A	1 (20)
Proportion of population foreign born	A	2 (19)
Homicide rate	A	9 (20)
Proportion of population that is employed in cultural occupations	B	10 (20)
Climate	B	12 (20)
Proportion of the population with at least a bachelor's degree	C	9 (20)
Non-car commuting	C	8 (17)
Average travel time to and from work	C	10 (19)
Income inequality	C	11 (20)
Proportion of population aged 25-34	D	7 (19)
Housing affordability	D	15 (17)



# Social Report Card

“A” Metros		“B” Metros		“C” Metros		“D” Metros	
1.	Barcelona	7.	<b>Vancouver</b>	18.	Miami	20.	Shanghai
2.	Copenhagen	8.	Manchester	19.	Houston		
3.	Sydney	9.	Montreal				
4.	Portland	10.	San Francisco				
5.	Toronto	11.	Calgary				
6.	Seattle	12.	Hong Kong				
		13.	Rotterdam				
		14.	Seoul				
		15.	Halifax				
		16.	Singapore				
		17.	Los Angeles				



# Overall Ranking

1.	Singapore	11.	Portland
2.	Copenhagen	12.	Seoul
3.	Hong Kong	13.	Rotterdam
4.	Calgary	14.	Montreal
5.	Seattle	15.	Houston
6.	Barcelona	16.	Halifax
7.	Sydney	17.	Manchester
8.	San Francisco	18.	Shanghai
<b>9.</b>	<b>Greater Vancouver</b>	19.	Los Angeles
10.	Toronto	20.	Miami



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# Cluster Analysis

- Clusters are groups of firms and institutions that are located near one another and draw productive advantage from their mutual proximity and connections.
- Traded clusters serve markets beyond the region in which they are located.
- They are key drivers of economic growth.
- Famous clusters include “The City”, Silicon Valley, and Hollywood.
- We used an empirical approach to identify Greater Vancouver’s traded clusters.



# Greater Vancouver's Traded Clusters

1. Transportation (airport, port, rail and trucking)
2. Tourism
3. Information and cultural industries
4. High-tech
5. Finance and insurance





# Greater Vancouver is a Transportation Gateway

- In 2012, the Gateway Transportation System directly supported approximately 82,000 jobs and over \$7.2 Billion in GDP.
- Nearly 3/4 of the value of Western Canadian trade that moves by sea goes via the Gateway. Nearly half of the value that moves by air goes via YVR.



Source: Economic Development Research Group. *Economic Impact of the Greater Vancouver Gateway*, Sept. 2014.



# Greater Vancouver is a Major Tourist Destination



- More than 9 million overnight visitors came to Greater Vancouver last year.
- More than 805,000 cruise passengers landed in Vancouver in 2015, 1/3 of all Canadian cruise port traffic.
- Proximity to Whistler adds to the region's appeal.

Photo by Jon Eben Field.



# Information and Culture is Another Key Industry

- The information and cultural industry generated \$5 billion in GDP last year and employed 39,400 people.
- Vancouver is the third largest Film & TV production centre in North America.



Photo by Nigel Horsley.



# Greater Vancouver is a “New Tech Hub”

- 64,300 people worked in the information and communication technology industry in 2015.
- The industry encompasses major global players, such as Amazon and Microsoft, as well as homegrown firms like Hootsuite and TELUS.



# Greater Vancouver is a Growing Financial Services Centre



- Greater Vancouver's finance sector has been quickly rising in prominence internationally—it has moved up in the rankings of the Global Financial Centres Index from 27<sup>th</sup> place in 2007 to 14<sup>th</sup> place in 2014.
- The finance and insurance sector generated nearly \$34 billion in GDP and employed 59,300 people in 2015.



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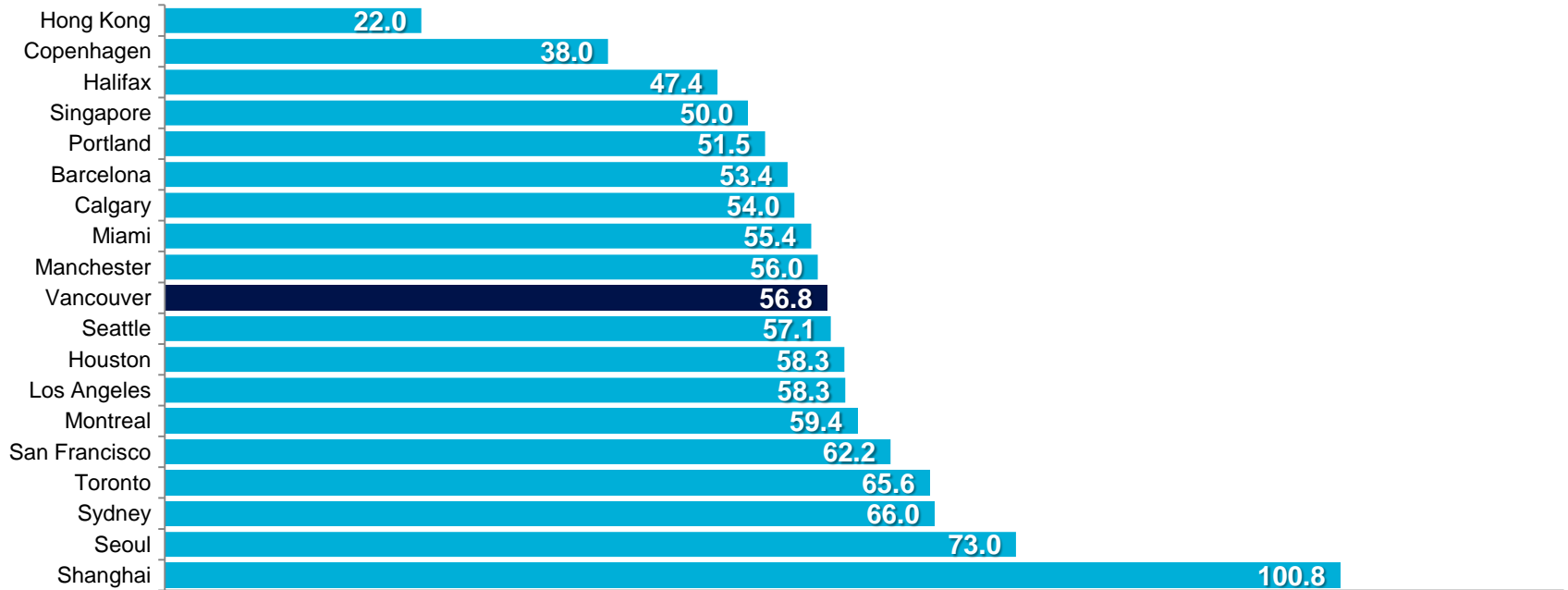
# Greater Vancouver's Outlook Not Without Risks

- Investment deficit in roads and public transit.
- Rapidly deteriorating housing affordability.
- Barriers to further port expansion.
- Relatively low productivity levels.
- Relatively low educational attainment rates.
- High marginal effective tax rate (METR) on capital.
- Trouble attracting head offices.



# Average Commute Times

average travel time to and from work (minutes)



Source: Statistics Canada; and other international sources.



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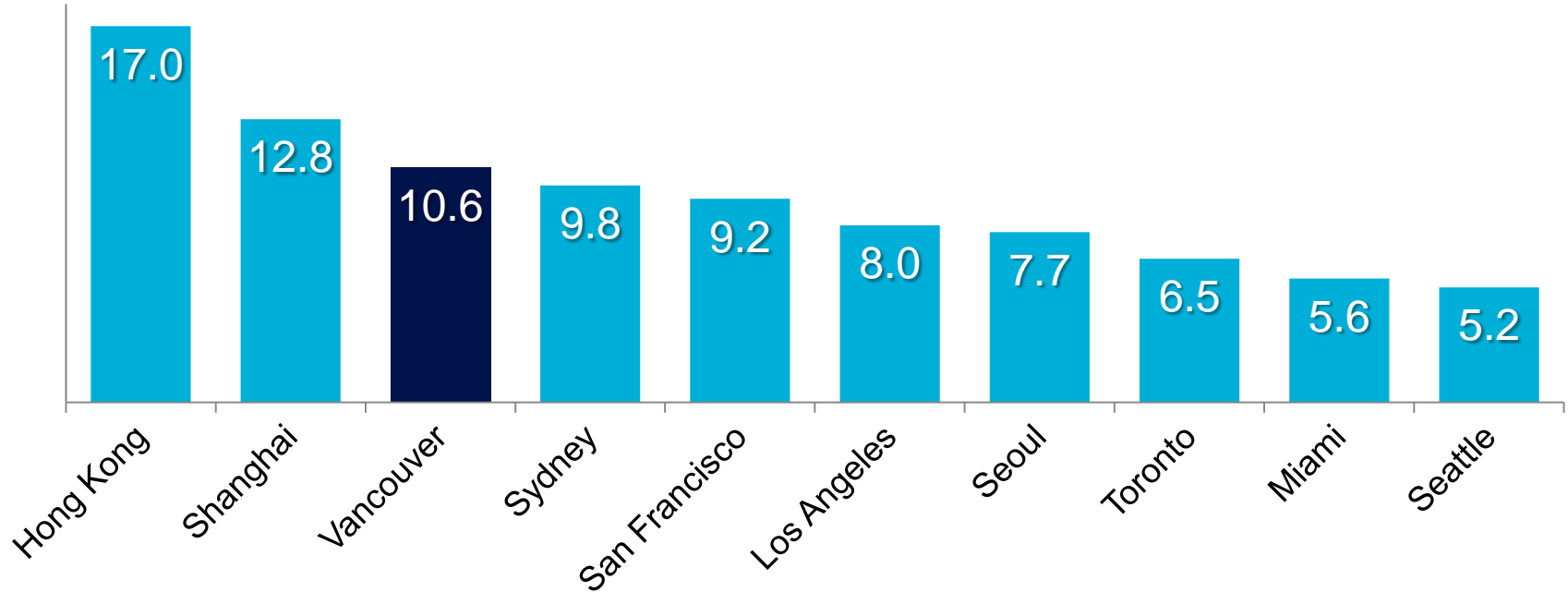


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# Vancouver's Housing Among Least Affordable

median house price divided by median household income



Source: Demographia.



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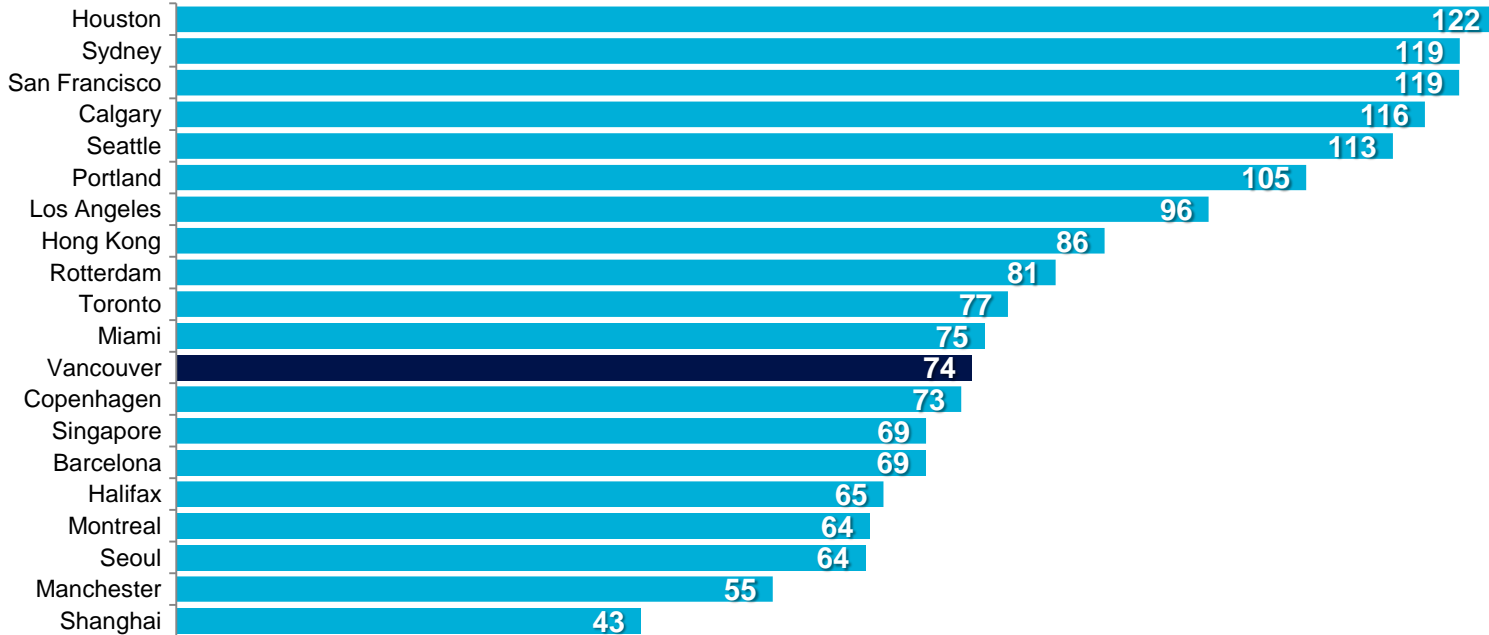
# Land Scarcity Another Serious Challenge

- The importance of the transportation sector to Greater Vancouver economic vitality is a recurring theme throughout our report.
- The Port of Vancouver has continually been upgraded and expanded to manage growing Canadian trade with Asia.
- But further investments could be hindered by land scarcity and local opposition.
- Indeed, the supply of vacant land suitable for trade and goods movement could be exhausted within 10 years, based on the inventory of trade-enabling industrial land.



# Labour Productivity

GDP per worker (000's 2007\$)



Sources: The Conference Board of Canada; Statistics Canada.



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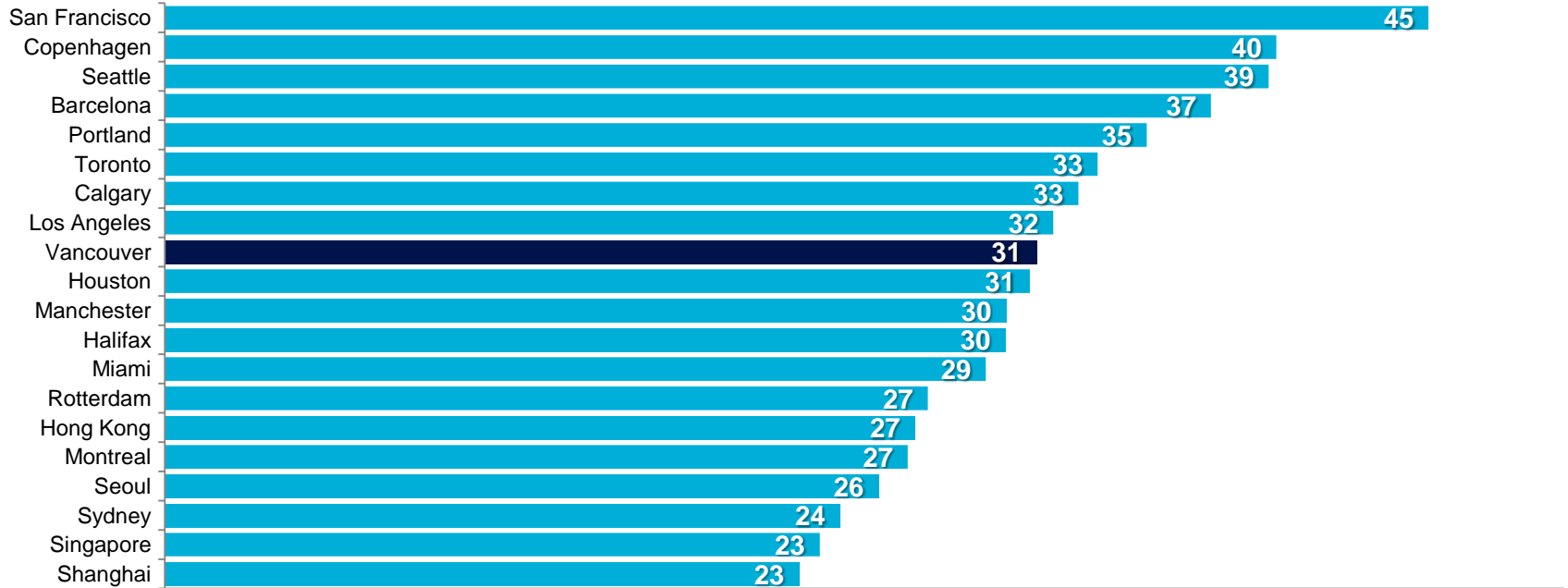
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# Educational Attainment

per cent of the population, aged 25 and over, with at least a bachelor's degree



Source: Statistics Canada.



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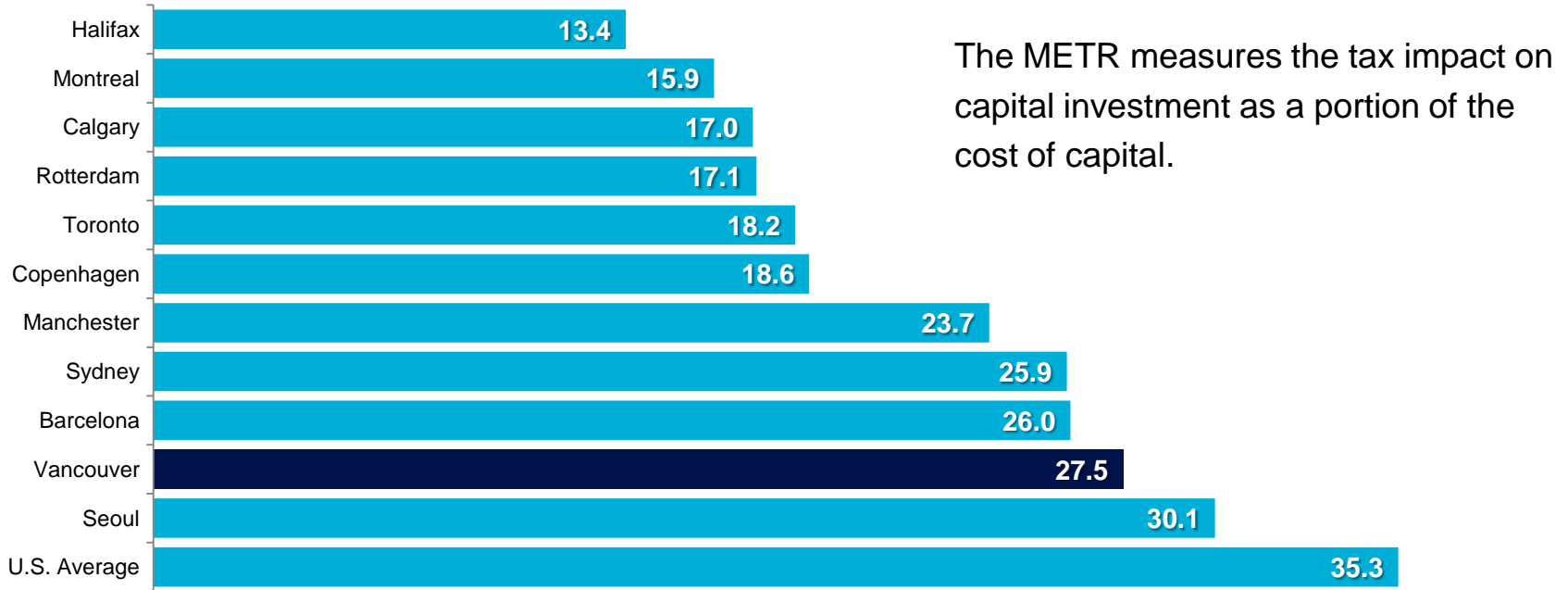
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# Taxes on Capital

## Marginal effective tax rate on capital



Source: Chen and Mintz.



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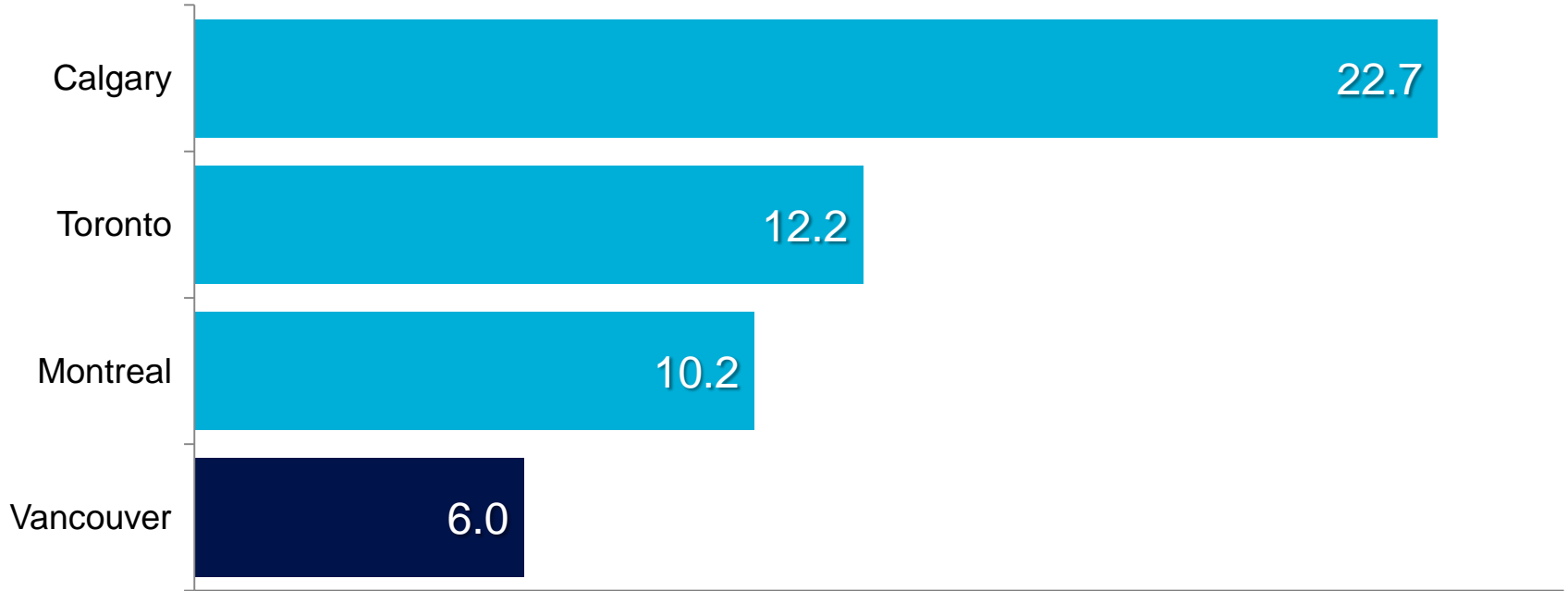
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# Head Office Employment

Head office employment per 1,000 population (2013)



Source: Statistics Canada.



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# Challenges Call for Regional Approach

- Many of these challenges are complex and regional in scope.
- Local government fragmentation reduces the likelihood that these challenges will be successfully met.
- The region's municipalities need to come together.





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# Greater Vancouver Economic Scorecard

## The Path Ahead

**Iain J.S. Black**  
President and Chief Executive Officer  
Greater Vancouver Board of Trade





# The Path Ahead: “Let’s Get to Work”

## GVBOT’s initial response to Scorecard 2016

1. Key messages & takeaways
2. Priority policy areas on which we will focus
3. ... and some specific ways we can apply our resources



# The Path Ahead: “Let’s Get to Work”

## GVBOT’s initial response to Scorecard 2016

- 1. Key messages & takeaways**
2. Priority policy areas on which we will focus
3. ... and some specific ways we can apply our resources



# Key Messages & Takeaways

## What did we learn from this process?

1. The empirical evidence is in: this is no longer the stuff of cocktail chatter.
2. While pleased with BC's national leadership in economic growth, embracing the longer term opportunities & challenges requires thoughtful and coordinated action.
3. The Pacific Gateway (Greater Vancouver's network of roads, rail, port, and airport) is a strategic asset for **Canada's** economy... not just BC's.
4. There is obvious linkage between our region's challenges.



# The Path Ahead: “Let’s Get to Work”

## GVBOT’s initial response to Scorecard 2016

1. Key messages & takeaways
- 2. Priority policy areas on which we will focus**
3. ... and some specific ways we can apply our resources



# The Path Ahead: Our Policy Priorities

## The resulting four key policy focus areas where the GVBOT will focus

1. Gateway Resources
2. Housing Affordability & Public Transit
3. Human Capital
4. Regional Coordination



# The Path Ahead: “Let’s Get to Work”

## GVBOT’s initial response to Scorecard 2016

1. Key messages & takeaways
2. Priority policy areas on which we will focus
3. ... and some specific ways we can apply our resources



# The Path Ahead: Some specific ideas

## Initial thoughts as to some things we can do as GVBOT

1. Re-engage re: transit projects.
2. Focus on municipal-imposed housing costs; regulatory certainty; density/diversity.
3. Identify municipal-controlled opportunities for regulatory streamlining & harmonization.
4. Further engage our CYP re: *their* needs for housing, cultural amenities, industry diversification, transit, and entrepreneurship.
5. Reactivate The World Trade Centre.
6. Focus our policy committees on the GVBOT priorities falling out to the Scorecard.





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