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GREATER VANCOUVER
BOARD OF TRADE

2018 Greater Vancouver Economic Scorecard

Business Issues and Community Priorities Local Election Briefing

Hon. Iain J.S. Black, ICD.D

President and Chief Executive Officer
Greater Vancouver Board of Trade

Agenda

- A little economic context
- The Scorecard: it's purpose, definition and scope
- Scorecard results
- Greater Vancouver's challenges
- The 2018 “Special Lens”: *Regional coordination and governance*
- Key Takeaways for GVBOT



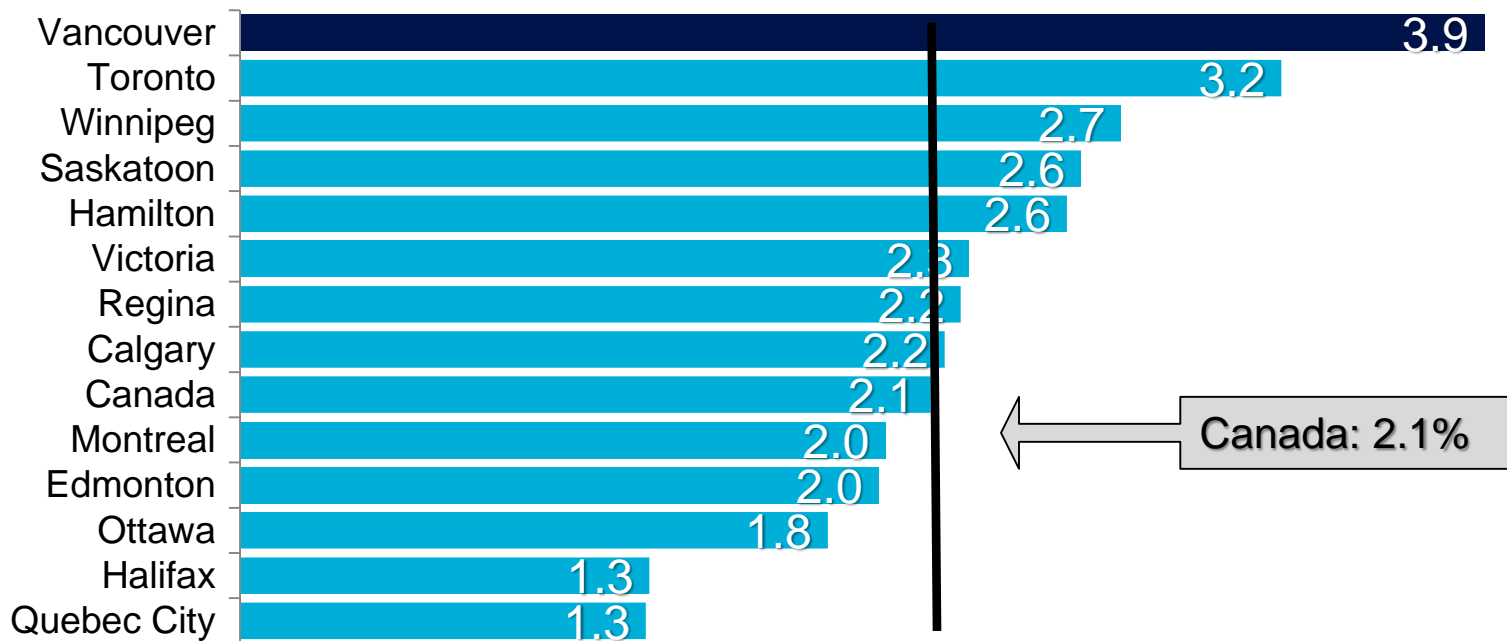
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Real GDP Growth by CMA: 2013-17

average annual per cent change



Source: The Conference Board of Canada.



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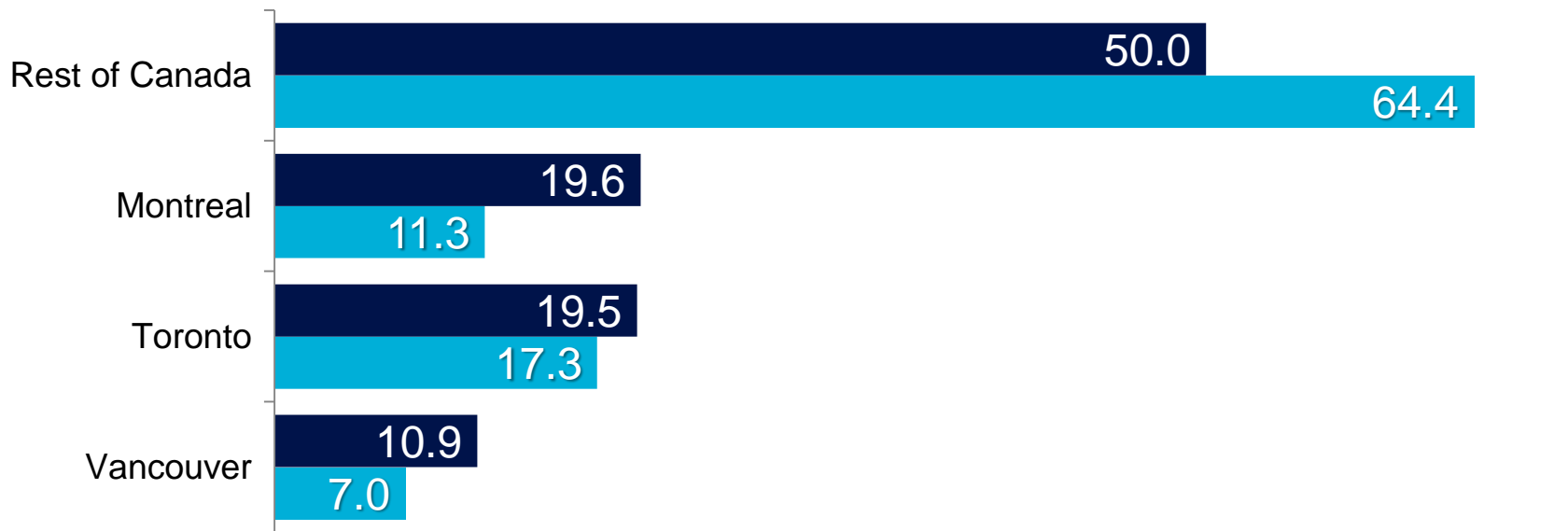
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Where the Jobs are Being Created in Canada

Big cities generating a disproportionate share of jobs

■ Share of job creation over past 24 months

■ Share of population in 2017



Sources: Statistics Canada; The Conference Board of Canada.



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Regional Scorecard Purpose

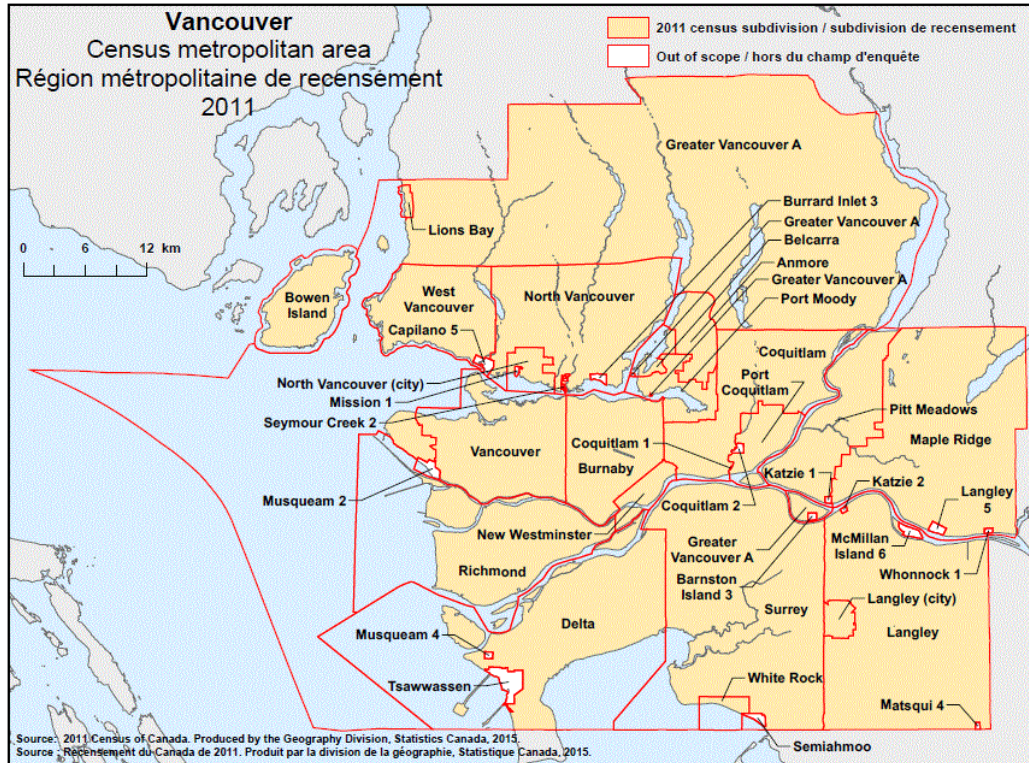
A regional scorecard:

- 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

Scorecard's purpose is to assess Greater Vancouver's relative strengths and weaknesses in socio-economic performance



The Area Studied



Greater Vancouver

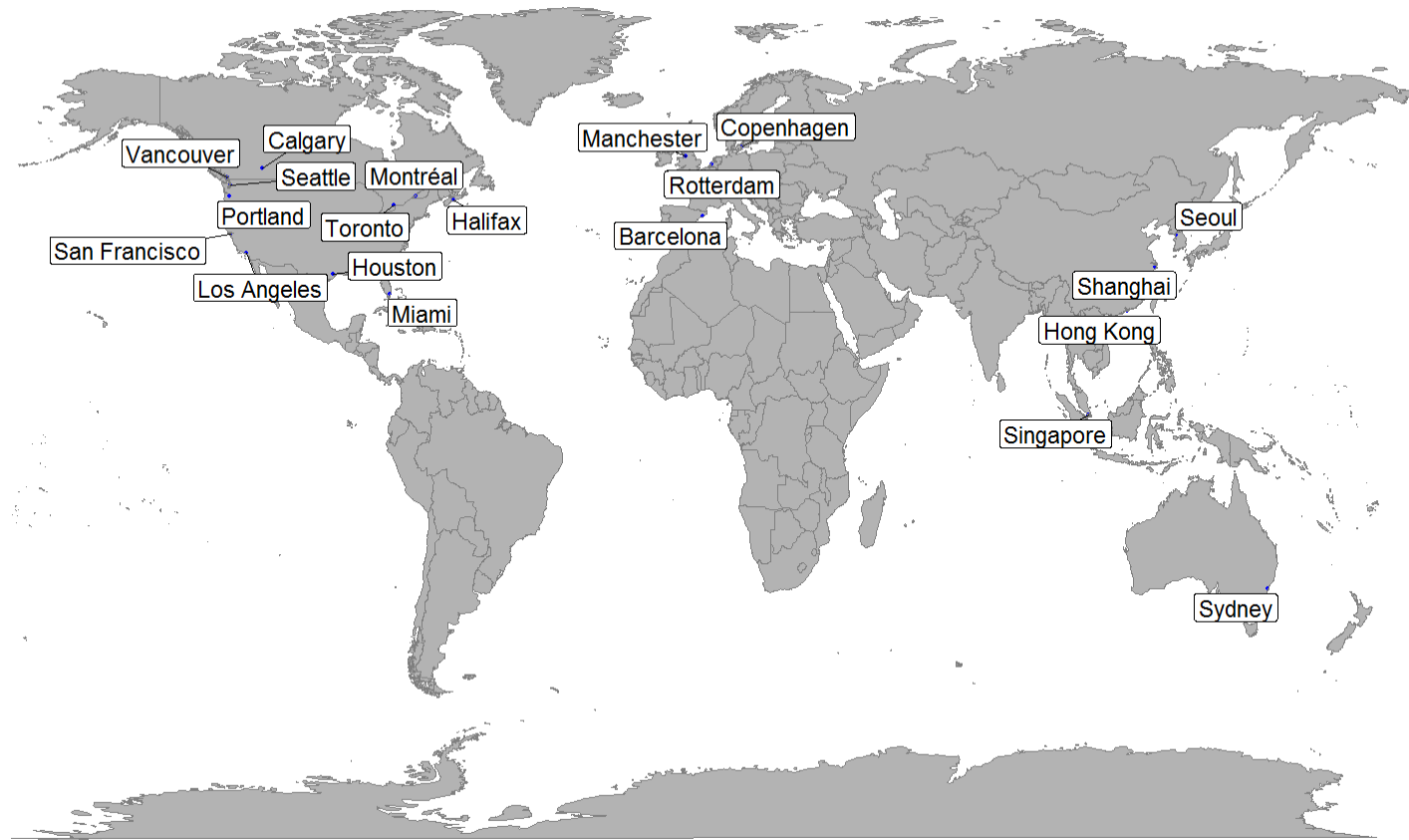
- 22 “municipalities” & Tsawwassen First Nation
- “39 census subdivisions”
- Population: 2.463 million (2016) of B.C.’s 4.648 million... or 53%
- Area: 2,883 km² (1,113 sq miles) of B.C.’s 944,735 km² (364,800 sq miles)... or 0.3%



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: 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 (but one) end in 2017 or earlier
- The report features 38 indicators (+6 vs. 2016) divided into two categories: Economy (22; +1 vs. 2016) and Social (16; +5 vs. 2016)
- Economy category also includes indicators that measure transportation (ports, airports, and rail) performance
- The overall ranking is an average of the Economy and Social category scores
- For more information: <http://www.conferenceboard.ca/hcp/methodology.aspx>



Benchmarking: Social Indicators

Age dependency ratio	Proportion of population 25 to 34 years old
Air pollution	Proportion of population that is employed in cultural occupations
Average commute time (minutes per day)	Proportion of population that is foreign born
Comfortable climate index	Proportion of population, age 25 and over, with at least a bachelor's degree
EIU Democracy Index	Public transit railway network length
Female labour force participation rate	Travelled to work, public transit, biking, walking
Gini coefficient (income inequity)	
Homicides (rate per 100,000 population)	
Housing affordability (Median house prices as a ratio of median household income)	
Housing affordability change	



Benchmarking: Economy Indicators

After-tax income per capita	No. of participants in intl. association meetings per city
After-tax income per capita growth	Number of cruise vessel calls
Employment growth	Office rents
High-tech employment	Port cargo tonnage (in metric tons)
Inbound airport cargo tonnage	Port container traffic (TEUs) per US\$1 million GDP
Inbound airport seats per capita	Productivity
International visitors	Productivity growth
KPMG's Total Tax Index	Real GDP growth
Marginal effective tax rate (METR) on capital investment	Real GDP per capita
Market size	Unemployment rate
No. of flight destinations at major airport	Venture Capital Investment per million \$ of GDP



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Scorecard Resources: all online



Greater Vancouver Economic Scorecard Indicators

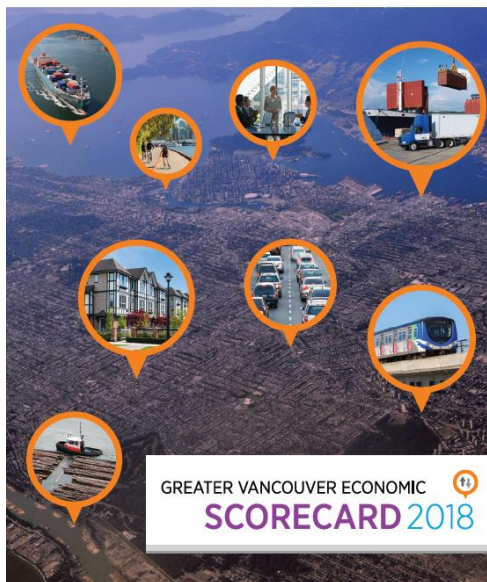
Background

- In its second iteration, the main purpose of this report is to grade Greater Vancouver's competitiveness and attractiveness to both business investment and labour.
- This report benchmarks Greater Vancouver against 39 other global metropolitan regions on 38 indicators grouped into two categories: Economic and Social.
- To provide a fuller picture of the region 6 new indicators were added this year: 3 social and 3 economic.
- The indicators and comparative regions were chosen, in part, to reflect Greater Vancouver's status as Canada's gateway to the Asia Pacific.

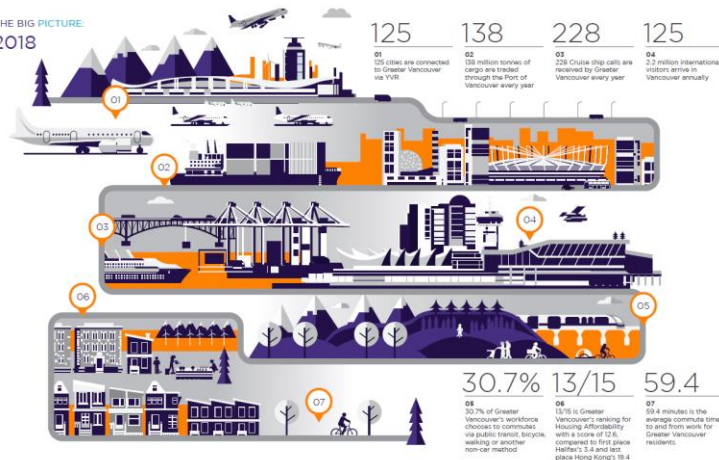
Ranking Methodology

- This study uses a report card-style ranking of A-B-C-D to assess the performance of metropolitan areas for each indicator and each category.
- The Conference Board of Canada assigned a grade level by calculating the difference between the top and bottom performer of each indicator and dividing the figure by four.
- A metropolitan area received a score and ranking of "A" on a given indicator if its score was in the top quartile, a "B" if its score was in the second quartile, a "C" if its score was in the third quartile, and a "D" if its score was in the bottom quartile. A metropolitan area was assigned an "N/A" if data were unavailable for that indicator.

Economic Indicators



THE BIG PICTURE 2018



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Social Report Card

A's		B's		C's	D's
1. Calgary	←	5. Sydney		15. Los Angeles	17. Houston
2. Toronto	←	6. San Francisco		16. Rotterdam	18. Hong Kong
3. Seattle		7. Montréal			19. Miami
4. Halifax		8. Greater Vancouver	↓		20. Shanghai
		9. Copenhagen			
		10. Portland			
		11. Manchester			
		12. Singapore			
		13. Barcelona			
		14. Seoul			

Source: The Conference Board of Canada.



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Greater Vancouver's Social Performance

Indicator		2018	2016
A's	EIU democracy index	A	-
	Proportion of population that is foreign born	A	A
	Air quality	A	A
	Homicide rate	A	A
Indicator		2018	2016
B's	Female participation rate	B	-
	Income inequality	B	C
	Average travel time to and from work	B	C
	Proportion of population aged 25-34	B	D
	Share of population employed in culture	B	B

Source: The Conference Board of Canada.



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Greater Vancouver's Social Performance

	Indicator	2018	2016
C's	Age Dependency Ratio	C	-
	Non-car commuting	C	C
	Share of population with at least a bachelor's degree	C	C
	Housing affordability	C	D
	Change in housing affordability	C	-
	Climate	C	B

	Indicator	2018	2016
D's	Public transit railway network length ←	D	-

Source: The Conference Board of Canada.



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Economy Report Card

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

Source: The Conference Board of Canada.




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Greater Vancouver's Economic Performance

	Indicator	2018	2016
A's	KPMG's total tax index 	A	A
	Office rents	A	A

	Indicator	2018	2016
B's	Unemployment rate	B	C
	Port cargo tonnage per \$1 million of GDP	B	B
	Venture capital investment per \$1 million of GDP	B	C
	Labour productivity growth	B	B
	Inbound airport seats per capita	B	C

Source: The Conference Board of Canada.



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Greater Vancouver's Economic Performance

	Indicator	2018	2016
C's	Real GDP per capita growth	C	C
	Port container traffic (TEUs) per \$1 million of GDP	C	C
	Inbound airport cargo tonnage per \$1 million of GDP	C	C
	High-tech employment share	C	C
	Number of cruise vessel calls	C	C
	No. of flight destinations at major airport	C	-
	Employment growth	C	B
	Labour productivity	C	C
	Real GDP per capita	C	C
	After-tax income growth	C	C
	Indicator	2018	2016
D's	METR on capital investment for businesses ←	D	C
	No. of participants at int'l association meetings	D	C
	International visitors	D	C
	After-tax income per capita	D	C
	Market size	D	D

Source: The Conference Board of Canada.



Overall Ranking

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

Source: The Conference Board of Canada.



Greater Vancouver Scorecard 2018

Key Findings

- Greater Vancouver's moves up from 9th to 7th place in the overall ranking
- The metro region is a “B” performer in both the Economy and Social categories
- Greater Vancouver doesn't finish first in any indicator
- **The region finishes last in one key indicator: the METR**
- Significant challenges highlighted in previous report still weigh on its performance



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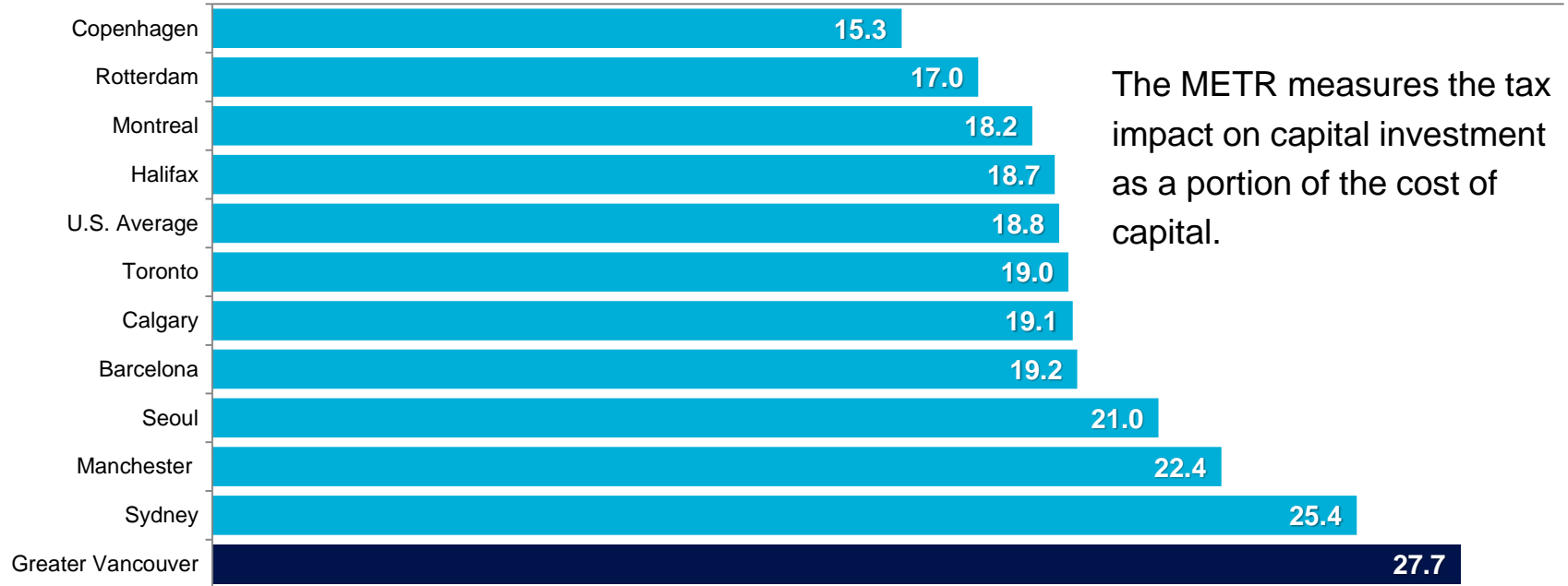
Areas of Concern

- Investment climate/high **METR** on capital
- Relatively low productivity levels
- Relatively low educational attainment rates
- Infrastructure deficit in roads and public transit
- Severely unaffordable housing
- Barriers to further port expansion
- Trouble attracting head offices



Taxes on Capital

Marginal effective tax rate on capital



Source: Chen and Mintz.



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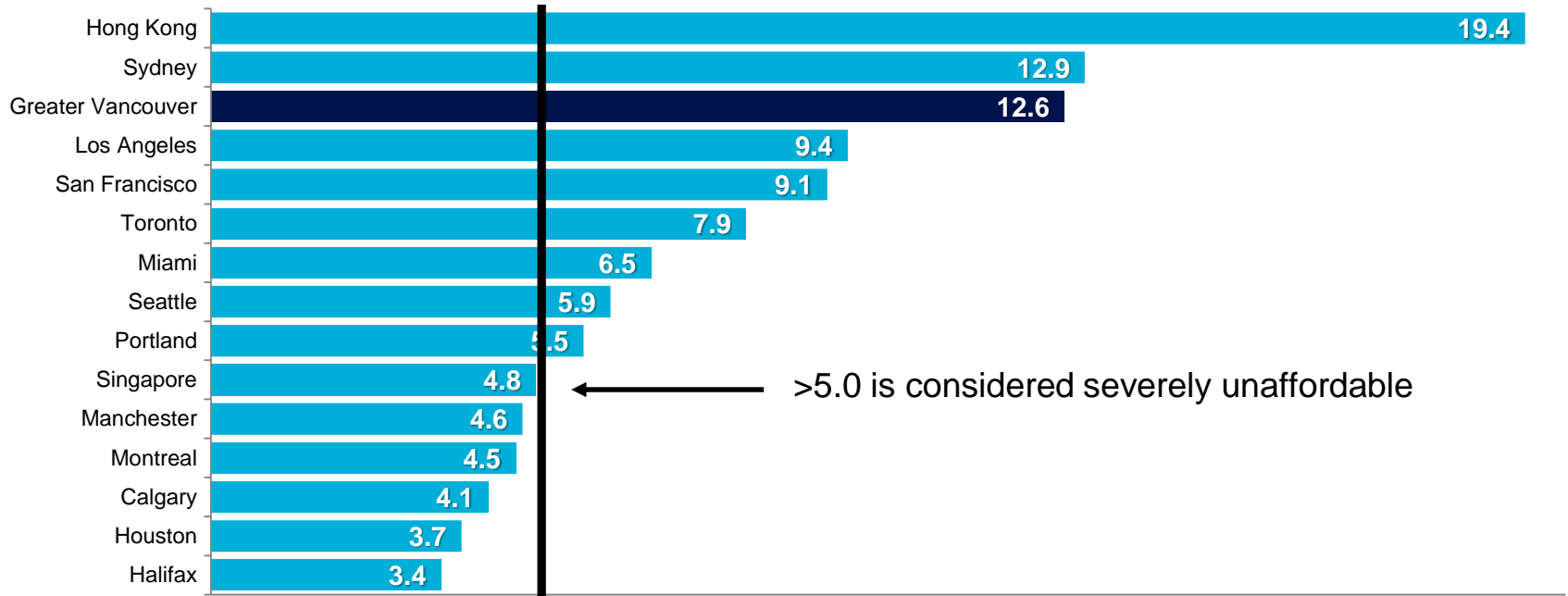
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Vancouver's Housing Severely Unaffordable

median house price divided by median household income



Sources: Demographia.



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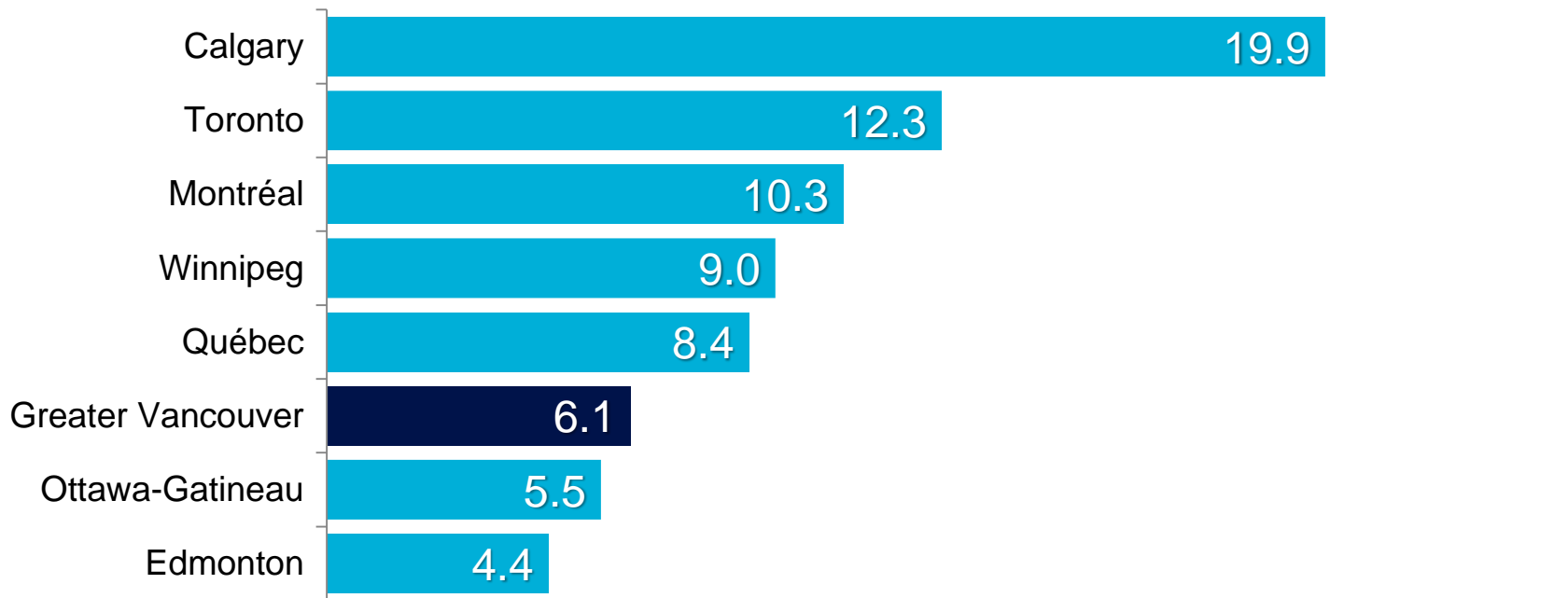
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Head Office Employment

Head office employment per 1,000 population (2016)



Sources: The Conference Board of Canada; Statistics Canada.



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Industrial Land Scarcity Another Serious Challenge

- By the numbers:
 - A 2013 study identified **2,313** acres as available for industrial land development
 - Of this land, **1,838** acres of land were affected by at least one development constraint and only **476** acres were serviceable
 - Historical land absorption is about **250** acres per year implying **only 11 years of supply are available**

Source: NAIOP, *Long-Term Forecast and Analysis of Metro Vancouver's Industrial Lands*, October 2014.



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Regional Coordination and Governance

Service delivery issues

- The political borders of individual local governments rarely coincide with a metropolitan region's effective economic or social boundaries:
 - reflected in a growing number of commuters
 - often leads to a mismatch between where people pay taxes and where they benefit from local government services and infrastructure
- Fostering inter-municipal cooperation is difficult:
 - positive and negative spillover effects of cooperation efforts are often difficult to predict
 - governments are reluctant to subsidize another municipality's services



Regional Governance in Greater Vancouver

High-level observations

- Two unique regional bodies:
 - Metro Vancouver
 - TransLink
- Regional issues clearly persist:
 - Housing affordability
 - Industrial land scarcity
 - Transportation
 - Policing
 - Economic development



Regional Governance in Greater Vancouver

Best Practices

If attempts of regional governance reform are made, they should reflect these best practices:

1. Voluntary to maintain focus and increase flexibility
2. Decentralized when appropriate to maintain local government autonomy and keep decision-making close to constituents
3. Private sector outsourcing and private-public partnerships, but only when there is sufficient competition
4. Higher levels of government act to support and augment collaboration and cooperation between municipalities



Regional Governance in Greater Vancouver

Ideas for Regional Improvement

- Directly Elect Metro Vancouver's Board
- Centralize Economic Development and Investment Promotion
- Increase Inter-Municipal Cooperation Agreements and Private-Sector Provision
- Re-visit Municipal Scope of Services



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Key Takeaway #1: Good news/Bad news

- Scorecard 2018's Benchmarking is a mixed bag for our region.
- Greater Vancouver is a middle of the pack performer, some rankings are within our control, others we can only work to mitigate.
- Technology and tourism both have a bright future in Greater Vancouver – but face challenges.



Key Takeaway #2: It is time to present ourselves as one region

- We are one economic unit, but 23 political entities
- Regional thinking and cohesion must be the **first step** toward addressing some of the most pressing challenges facing Greater Vancouver.
- Whether it is housing affordability, industrial land, or transit, these issues are regional and we can no longer afford to work in silos.
- Region needs to speak and act with one voice to compete for talent and attract new capital.



Key Takeaway #3: The Gateway sets us apart

- Greater Vancouver's geography gives us a strategic advantage: we are Canada's gateway to the burgeoning Asia-Pacific
- We must continue to advocate for investment in trade-enabling infrastructure to enhance Canada's Pacific Gateway and solidify our position as a global trading hub.
- Without concerted efforts by all levels of government, we risk squandering a generational opportunity:
 - Rise/Growth of China and India
 - CPTPP



Key Takeaway #4: Our region is at a crossroad

- Very poor housing affordability undermines our ability to attract and retain the best and the brightest.
- High METR hurts our attractiveness for investment into both its established and emerging industries.
- If affordability and investment competitiveness are not addressed, Greater Vancouver runs the risk of becoming an **international bedroom community**.





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