Building B.C.'s Economy: Fostering More Local Production

An Agenda for Economic Growth Report

Introduction

To build a better future, we need to make economic growth the heart of decision making. That is why the Greater Vancouver Board of Trade launched the Agenda for Growth calling on all governments to commit to a goal of 3% growth in annual GDP by 2030. Achieving this would mean $9,000 in higher GDP per capita, tens of thousands of new jobs, and at least $4 billion in new revenue for government services.

Achieving this goal will require concerted efforts, given the economic challenges impacting B.C. here at home and internationally as B.C.'s economic future is being shaped by major shifts in global trade. Ongoing tensions with the United States, retaliatory tariffs, and the overall uncertainty associated with the second Trump administration have raised significant questions about the reliability of our largest trading partner. With the U.S. accounting for more than half of Canada's exports, any instability or disruption in that relationship has immediate and serious consequences for B.C. businesses. This is especially true for local manufactures and industrial businesses that export to the U.S.

Greater Vancouver, as home to Canada's largest and most diversified port, fuels trade activity right across Canada. The proximity to the port coupled with our natural resource base—particularly in sectors like agri-food, forestry, mining, energy, and marine technology means we have the ingredients to be a successful local producer and exporter. However, we have not fulfilled our potential. One of the key reasons is the chronic shortages of industrial lands that support these trade-enabling activities.

Realizing this opportunity will require expanding industrial land availability in both rural regions and Metro Vancouver to support production, logistics, and supportive services. With coordinated planning, B.C. can position itself as a secure and competitive destination for reshoring investment, supply chain resilience, and sustainable growth.

Industrial lands are a vital foundation of a strong and dynamic economy, particularly for a small, open trading economy like that of B.C.'s. These lands support high-quality employment, enable essential supply chains, and facilitate global trade. Our 2023 Industrial Lands Report found that industrial lands, despite making up only 4% of Metro Vancouver's total land area, result in:

- **364,100 direct jobs** on industrial lands, **88,000** indirect
- **$26 billion** in direct income, with an additional **$2 billion** indirectly generated
- **$31.3 billion** in direct GDP, with **$9.4 billion** indirect and **$9.5 billion** induced
- **$60 billion** in direct output, with **$17.8 billion** indirect and **$14.8 billion** induced

However, our study also found that over a 4-year period, the scarcity of suitable industrial space has driven 5.1 million square feet of investment to Calgary, costing B.C. over 6,300 direct jobs and $494 million in GDP. Conversely, every 1% increase in available industrial land has the potential to create 126,100 new jobs and generate $12.2 billion in GDP for the province.

Employment on industrial lands in Greater Vancouver are not only critical to the economy, particularly the manufacturing sector, but the jobs are also well-compensated, paying 10% higher than the national average. These jobs are essential to local, provincial, and federal supply chains that ensure businesses and households have access to vital goods and equipment. Unfortunately, despite their significant economic contribution, Greater Vancouver's industrial lands face chronic shortages and development roadblocks that stifle economic growth.

Industrial production in the province is declining, and our overall exports are less than 10% of Canadian exports, meaning we punch below our weight. Manufacturing investment per worker in B.C. is below the national average and only a quarter of what it is in the United States.

However, B.C. is the most diverse agricultural landscape in Canada, with over 200 primary agricultural products and 100 fish, shellfish and marine plant species. We are a market full of opportunity with natural advantages, abundant natural resources, and Canada's pre-eminent port, which should mean B.C. punches above our weight for local production and exports.

There are many factors at work affecting B.C.'s ability to attract local production. The forestry sector has been affected by a confluence of policies, geopolitics and market factors, for example. The Canadian Manufacturers & Exporters B.C. chapter has identified "death by a thousand cuts" or the cumulative impact of multiple government initiatives as a key challenge.

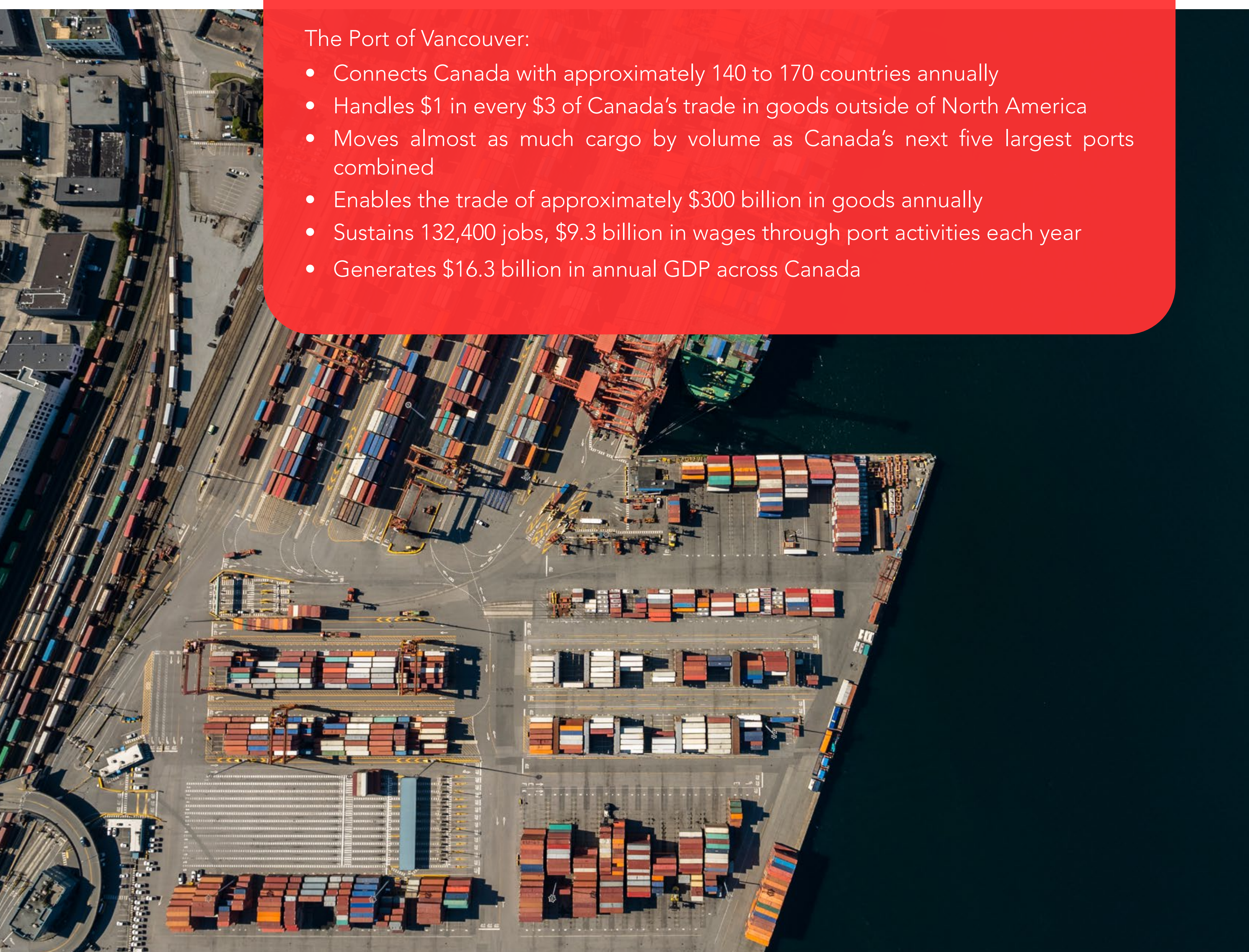
This report outlines actionable opportunities to increase local production by unlocking critical industrial lands, attracting investment, and creating high-quality jobs—core pillars of the Greater Vancouver Board of Trade's Agenda for Growth. By removing longstanding barriers and re-aligning land use policy with economic priorities, we can advance our shared goal of achieving 3% annual GDP growth and secure a more resilient, self-sufficient, and prosperous future for British Columbia.

Port of Vancouver - A Gateway for Growth

Trade through the Port of Vancouver connects Canadian businesses to international markets and consumers with the variety of products that we use every day from markets across the globe, generates tax revenues and secures employment for local communities. Home to 29 major terminals and more than 1,000 tenants, the Port is the most diversified cargo-handling port in North America.

The Port of Vancouver:

- Connects Canada with approximately 140 to 170 countries annually
- Handles $1 in every $3 of Canada's trade in goods outside of North America
- Moves almost as much cargo by volume as Canada's next five largest ports combined
- Enables the trade of approximately $300 billion in goods annually
- Sustains 132,400 jobs, $9.3 billion in wages through port activities each year
- Generates $16.3 billion in annual GDP across Canada



Challenges Facing Industrial Development

The Board of Trade's Industrial Lands Report from 2023 outlines several challenges facing industrial development - challenges that remain largely unmitigated today. Collectively, these barriers have resulted in a lack of development-ready land, forcing many firms to relocate to jurisdictions such as Calgary, Edmonton, and Washington State, taking jobs and investments with them. This continued loss of economic activity undermines regional competitiveness and limits opportunities for job creation in Greater Vancouver, with reverberating impacts on B.C.'s economy and its ability to achieve economic growth.

The challenges facing industrial development are multifaceted and include:

1. Constrained Land Supply

The Metro Vancouver region requires 250 to 300 acres of industrial land annually to support logistics, distribution, and manufacturing. However, the supply of suitably zoned, development-ready industrial land is increasingly limited. Geography, competing land uses, and scarce expansion opportunities continue to constrain the regional industrial land base—particularly for large-parcel, transportation-connected sites essential to trade-enabling uses.

2. Increasing Pressure on Industrial Lands

Industrial lands are under sustained pressure for conversion to non-industrial uses, particularly in areas near rapid transit or emerging residential hubs. While these conversions may make sense in certain circumstances to address housing goals, they also have the potential to erode the long-term economic foundation required to sustain middle-income jobs and local production.

Business 1

- High-tech exporting manufacturer for domestic and international markets
- Unionized workers making $45+ an hour
- Considering relocating operations to Washington State

Business 2

- 1/3rd of container storage capacity sold off and business closed
- Needed $4.1M federal investment to create temporary storage capacity during supply chain crisis

Business 3

- B.C. company invested $27M in state of the art manufacturing facility in Calgary
- Products shipped via truck through Vancouver for export

Case studies illustrate actual businesses who have had to adjust their operations and plans due to the challenges impacting industrial development in B.C.

3. Site and Adjacency Constraints

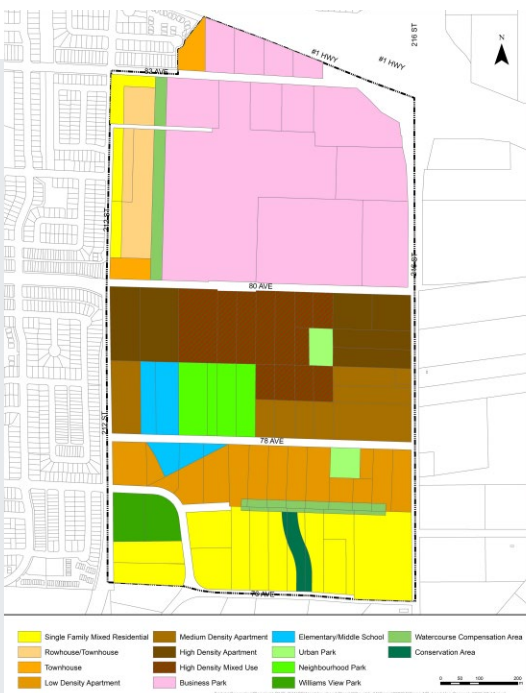
Even where land is available, development can be hindered by a lack of servicing infrastructure, limited access to utilities, or proximity to sensitive residential or commercial uses. These issues can delay or even preclude development, especially for higher-intensity industrial operations. Unlocking underutilized land will require targeted infrastructure investments and thoughtful land-use planning that balances industrial and non-industrial needs.

4. Complex Regulatory and Cost Environment

The environment for industrial development has grown significantly more challenging. Financing conditions have tightened— despite some easing by the Bank of Canada, borrowing costs have increased, and access to capital remains restricted. At the same time, construction costs have surged by over 50% in many cases. These pressures are compounded by new government-imposed costs, including:

- Energy efficiency and structural requirements in the 2024 B.C. Building Code
- Multiple provincial tax increases on development lands
- The tripling of Metro Vancouver's Development Cost Charges over the next five years
- The introduction of TransLink's new Development Cost Charge

Together, these financial burdens - paired with global economic volatility - have made long-term revenue forecasting more difficult and are discouraging investment in industrial projects.



Project Spotlight – Williams Neighbourhood Plan

A proposed development of employment lands in the Smith-Williams and Brookswood-Fernridge areas is expected to deliver the following benefits:

- Create thousands of high-paying, high-skilled jobs for local residents
- Support regional supply chains and reduce the need for long commutes out of Langley
- Strengthen Langley's commercial tax base and contribute to long-term economic growth
- Establish the area as a key employment hub within the Metro Vancouver region

Local Food Security

Today's global food system is facing unprecedented pressure from climate disruption, political instability, and persistent labour shortages. These challenges have only reinforced the urgency of strengthening local food security and expanding year-round production within Greater Vancouver and B.C. Ensuring a resilient and sustainable local food system is essential not only for protecting communities from external shocks, but also for creating long-term economic opportunities.

The system's heavy reliance on long supply chains not only exposes vulnerabilities but also contributes significantly to climate change—accounting for up to 30% of global greenhouse gas emissions. In response, there is a clear opportunity to invest in regional food systems that can produce sustainably throughout the year while moving toward net-zero emissions. Doing so would position B.C. as a leader in climate-smart agriculture and drive new economic growth across the province.

One of the most pressing concerns related to industrial land use is the impact of restrictive regulations on agricultural processing. With the global food system strained by climate change, geopolitical instability, and supply chain disruptions, the need for local food production and processing is more critical than ever. However, B.C.'s current regulatory environment—specifically the 50/50 rule—severely restricts opportunities for food processing operations.

Eliminating the 50/50 rule would immediately unlock new economic and food security opportunities. Under the current rule, food processors in B.C. must source at least 50% of their ingredients locally, making it nearly impossible to operate year-round when local crops are out of season. Allowing processors to supplement local inputs with out-of-province ingredients would enable continuous operations, provide a consistent

Project Spotlight – Kerr Avenue Business Park

The Kerr Avenue Business Park in Chilliwack is a unique solution for addressing a shortage of processing and industrial land in this Fraser Valley community. Chilliwack has a long and important history of supporting agriculture and related agri-food businesses. In 2004, the Agricultural Land Commission approved the non-farm use of 88 acres of land for processing development purposes. This approval included restrictive covenants on the titles of the properties limiting the use of the land, along with the creation of a new City of Chilliwack processing zone.

Today, the Kerr Avenue Business Park is home to several major national and international businesses, including Five Corners Meats Co. (Canada), Puratos (Belgium), Berryhill Foods (Canada), Molson Coors (Canada) and Red Bull (Austria). Together, these businesses represent over $800 million dollars in investment, hundreds of jobs, and $3.3 million in annual municipal property taxes.

food supply, enhance food security, and attract investment in agricultural technology (AgTech) and food processing.

Failure to reform these regulations has already led to missed economic opportunities. B.C. has forfeited millions in AgTech and food processing investments to Alberta due to regulatory inflexibility and uncertainty. Entire industries, such as potato and green pea processing, have largely relocated, in part, due to these barriers. Without immediate policy change, B.C. risks losing more businesses, jobs, and economic opportunities to jurisdictions that offer a more business-friendly environment.

Permitting

The permitting process in B.C. plays a central role in shaping economic development. When done well—clearly, promptly, and in coordination—it can be critical to unlocking investment, creating jobs, and supporting the province's long-term economic growth. However, when provincial permitting processes are inefficient or unclear, they can delay or significantly hinder these outcomes.

In recent years, several major industrial projects have encountered challenges in securing timely approvals, leading to investment delays and increased project costs. In particular, the Greater Vancouver Board of Trade estimates that at least ten significant industrial development projects—representing $2.8 billion in investment across 818 acres—have been held up by provincial permitting.

Beyond these examples, a broader group of 25 identified industrial projects could move forward with improved permitting coordination. Together, they represent nearly 30,000 jobs, $2.15 billion in annual wages, and $3.6 billion in GDP. The economic potential is clear. Streamlining the permitting process could unlock thousands of good-paying, skilled jobs and support supply chains across the province. Failing to make progress puts this investment at risk of landing in another more business-friendly jurisdiction.

It is important to note that GVBOT, the business community and industrial developers are not asking government to lower environmental standards. On the contrary, many industrial developers in B.C. have long histories of environmental leadership—restoring wetlands, remediating contaminated lands, and protecting fish habitats. The Xchange Business Park in Abbotsford, is one such project that successfully delivered significant environmental benefits while also supporting economic development and job creation.

As the province works to support housing development through streamlined permitting and intergovernmental coordination, a similar approach is needed for job-creating industrial projects. Industrial lands are a limited and valuable resource, and maximizing their potential requires a permitting system that is responsive, consistent, and forward-looking.

Government and industry both want to see B.C. thrive. By working together to improve permitting processes—particularly within the Ministry of Water, Land, and Resource Stewardship—we can ensure projects are assessed efficiently, transparently, and with appropriate consideration of both economic and environmental goals. Establishing clear timelines, offering consistent guidance, and facilitating cross-ministry collaboration would go a long way in restoring confidence and accelerating development.

With some targeted improvements to the permitting framework, the province can unlock billions in investment, support resilient supply chains, and create thousands of quality jobs without compromising environmental values.

Project Spotlight – Xchange Business Park in Abbotsford

The Xchange Business Park in Abbotsford is a project that successfully navigated a complex permitting process involving the City of Abbotsford, the Ministry of Transportation and Infrastructure (MOTI), Forests, Lands, Natural Resource Operations and Rural Development (FLNORD), the Ministry of Environment and Climate Change Strategy (ENV), the Water Sustainability Act (WSA), and the Ministry of Water, Land and Resource Stewardship (WLRS), alongside the Agricultural Land Commission (ALC).

Substantial environmental benefits delivered by the project include:

- Restoration and enhancement of over 59 acres of parkland and protected aquatic and wetland habitat, including both onsite and offsite improvements
- Protection of 48 acres specifically designated for aquatic and wetland habitats
- Re-establishment of an important contributor to the headwaters of two watercourses—Fishtrap Creek and McLennan Creek—which support critical fish-bearing habitats downstream
- Creation of new habitats for the threatened Salish Sucker, as well as for Rainbow Trout, Cutthroat Trout, Coho Salmon, and Chum Salmon
- Development of 71.5 acres (or 51% of the site), projected to generate $450 million in investment and create between 2,000 and 3,000 ongoing jobs

Costs

The provincial and federal governments have taken significant actions to remove barriers to housing supply, including expanded CMHC-insured financing programs, the removal of GST on purpose-built rentals, and a comprehensive suite of provincial initiatives.

Despite the well-documented shortage and economic importance of industrial lands, there has not yet been a comparable effort to enhance and support their viability—despite their critical role in generating good jobs and contributing to overall economic well-being. One provincial action we are monitoring closely is the introduction of the new Amenity Cost Charges (ACC) and the increases and changes to Development Cost Charges (DCC), along with their impacts on industrial development.

While there is general acceptance that "growth pays for growth," the introduction of new costs can pose challenges and delays for development. Sudden changes in these costs are particularly disruptive for current projects and long-term planning. Meaningful consultation with the development community and other affected stakeholders is essential to ensure that new charges reflect current economic conditions and sector realities. Given that the development cycle—from land acquisition through entitlement, construction, and occupancy—can span four to six years, sudden fee increases place significant pressure on projects. The current one-year grace period for DCC changes is often insufficient, pushing developers to rush building permit submissions and placing undue strain on municipalities to process applications before in-stream protections expire.

There has been a notable lack of meaningful consultation by municipalities and regional governments regarding recent DCC increases. While consultations may meet provincial requirements in form, they are often conducted too late for municipalities to consider or incorporate developers' feedback before council and mayoral review. Additionally, some early implementations of ACCs by municipalities have raised concerns.

All DCC and ACCs implementations by municipalities must be endorsed by the Superintendent of Municipalities. However, the submission process and the provincial review appear nebulous and often seem to rubber-stamp whatever the cities submit.

It would benefit the process to have a third party closely monitor municipal actions to ensure that the cumulative effects and timing of ACC/DCC changes do not undermine the economic viability of projects. This would align with the DCC best practices guide from the province. Currently, no mechanism exists to compel a review that considers cumulative changes—contributing to a development environment where industrial projects risk becoming financially unfeasible.

It remains highly unusual to apply amenity charges to non-residential use classes, as these fees have traditionally been tied to residential developments. Historically, municipalities have accepted foregoing land value capture on industrial and employment rezonings, as these uses tend to generate significantly higher property taxes than residential properties due to higher mill rates. The City of Burnaby's application of an ACC framework to employment and industrial uses is a troubling precedent, as it imposes millions in additional fees per project once in-stream protections expire.

Further, industrial and employment projects are typically valued based on their capitalized projected future cash flow. Like rental residential developments, these projects do not easily accommodate large upfront amenity payments—unlike condominium developments, where cash flow is realized early through unit pre-sale deposits and closing proceeds. The imposition of new fees will have a disproportionately large impact on project proformas, as these upfront charges must be carried through to take-out financing upon project completion and stabilization. These additional costs, often financed through construction loans, are further compounded by the interest coverage required during the development period.

Shelter Island Industrial Centre I in Richmond! © orionconstruction.ca

Recommendations

To meet the Greater Vancouver Board of Trade's Agenda for Growth and the call for 3% annual GDP growth by 2030, urgent action is needed to strengthen the economic foundations that support investment, local production, and job creation. Industrial lands are vital to achieving this growth target. They enable trade, support critical supply chains, and generate high-value employment across the province. However, without decisive measures to address land shortages, streamline permitting, and remove regulatory and cost barriers, B.C. risks falling short of its economic potential.

The Greater Vancouver Board of Trade recommends:

Recommendation 1:

Legislate clear timelines for provincial permitting decisions affecting local development.

Recommendation 2:

Work collaboratively with municipalities to make more industrial and trade-enabling land available for development.

Recommendation 3:

Eliminate the 50/50 Rule to enable scalable, year-round agricultural processing, increase food security, and attract investment.

Recommendation 4:

Continue to preserve and protect quality farmland, while working collaboratively to rapidly and flexibly designate industrial areas that support investment and jobs.

Recommendation 5:

Review the impact of amenity cost charges (ACCs) and development cost charges (DCCs) on industrial lands