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2018 Greater Vancouver Economic Scorecard

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The Conference Board of Canada

Agenda

- **Regional scorecard purpose**
- Scorecard results
- Greater Vancouver's challenges
- Special Lens on regional coordination and governance



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



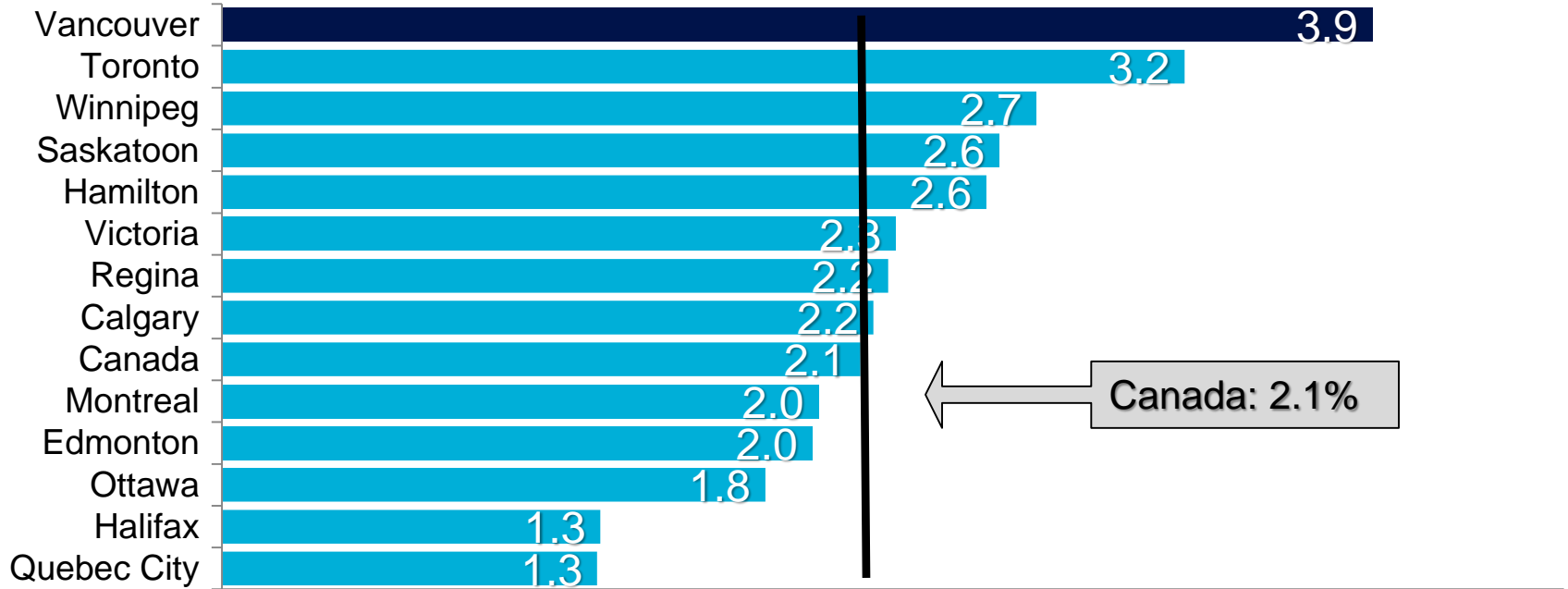
Purpose of Greater Vancouver Scorecard

- 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



Real GDP Growth by CMA: 2013-17

average annual per cent change



Source: The Conference Board of Canada.



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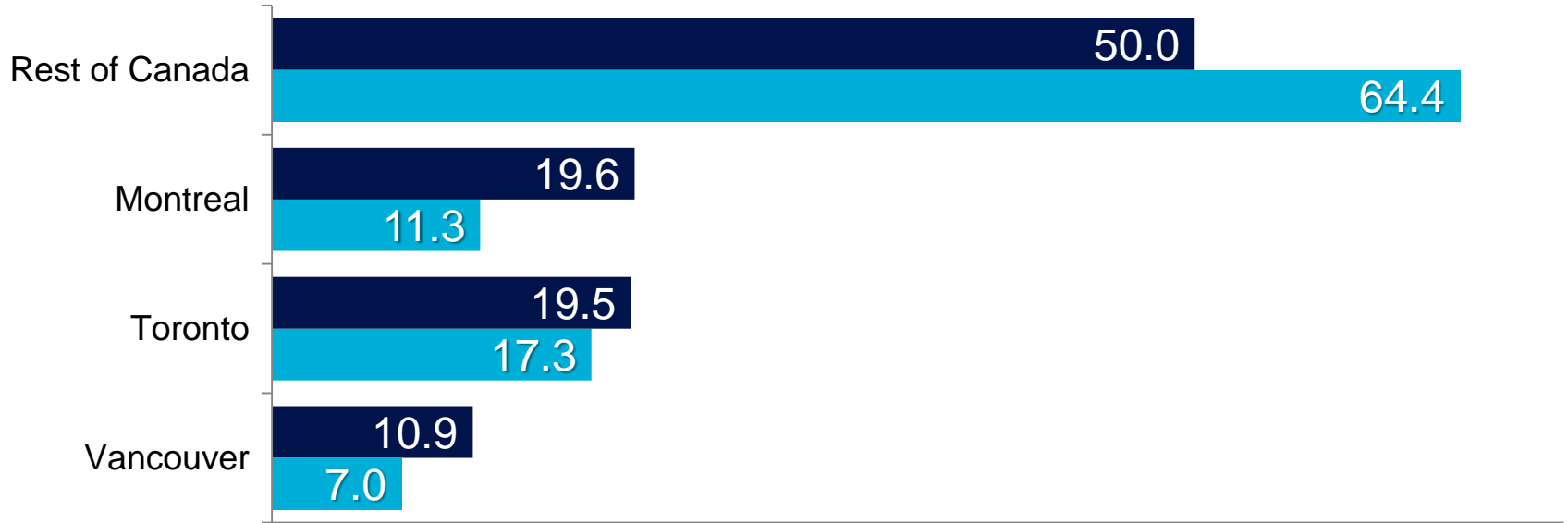


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Where the Jobs are Being Created in Canada

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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Greater Vancouver's Economic Outlook: The Elephant in the Room



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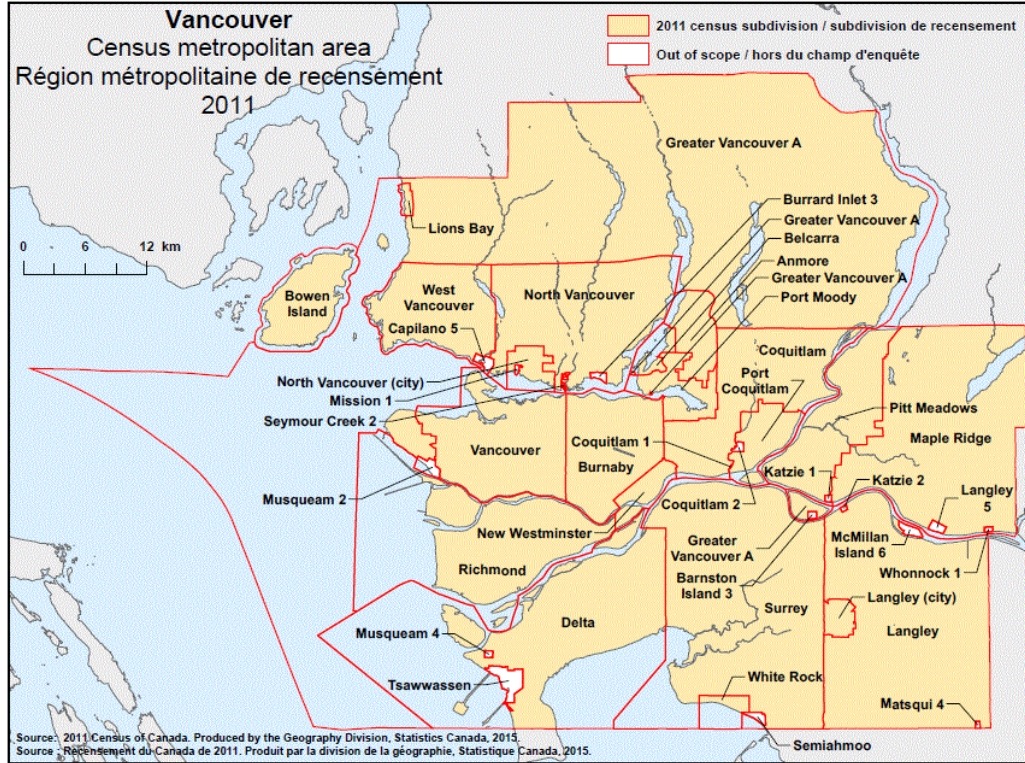
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Greater Vancouver's Economic Outlook

- Factors that may sustain strong growth:
 - Immigration of people and wealth
 - Development of high-tech clusters and increasing concentration of knowledge workers
 - Basic agglomeration economies of large cities
 - “Gateway” dynamics will continue to increase given Asia-Pacific economic growth and CPTPP



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: 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 divided into two categories: Economy (22) and Social (16)
- 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: Metro Regions

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

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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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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Greater Vancouver Scorecard 2018

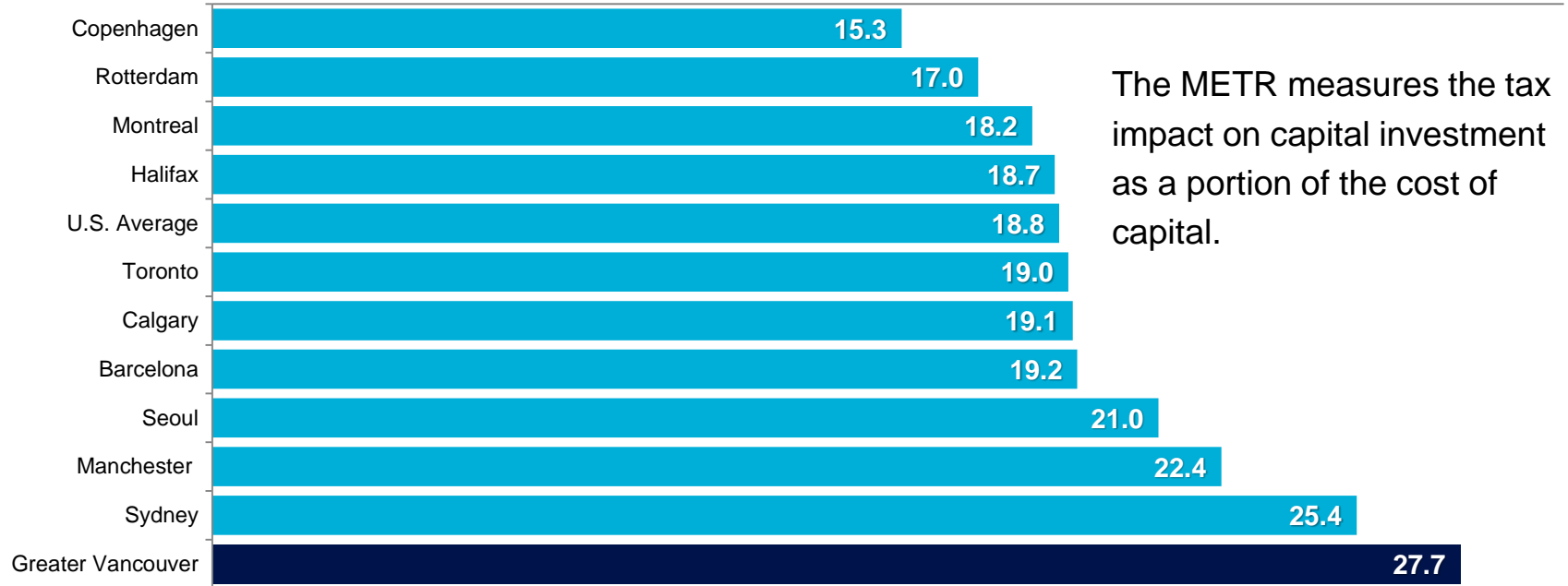
Areas of Concern

- 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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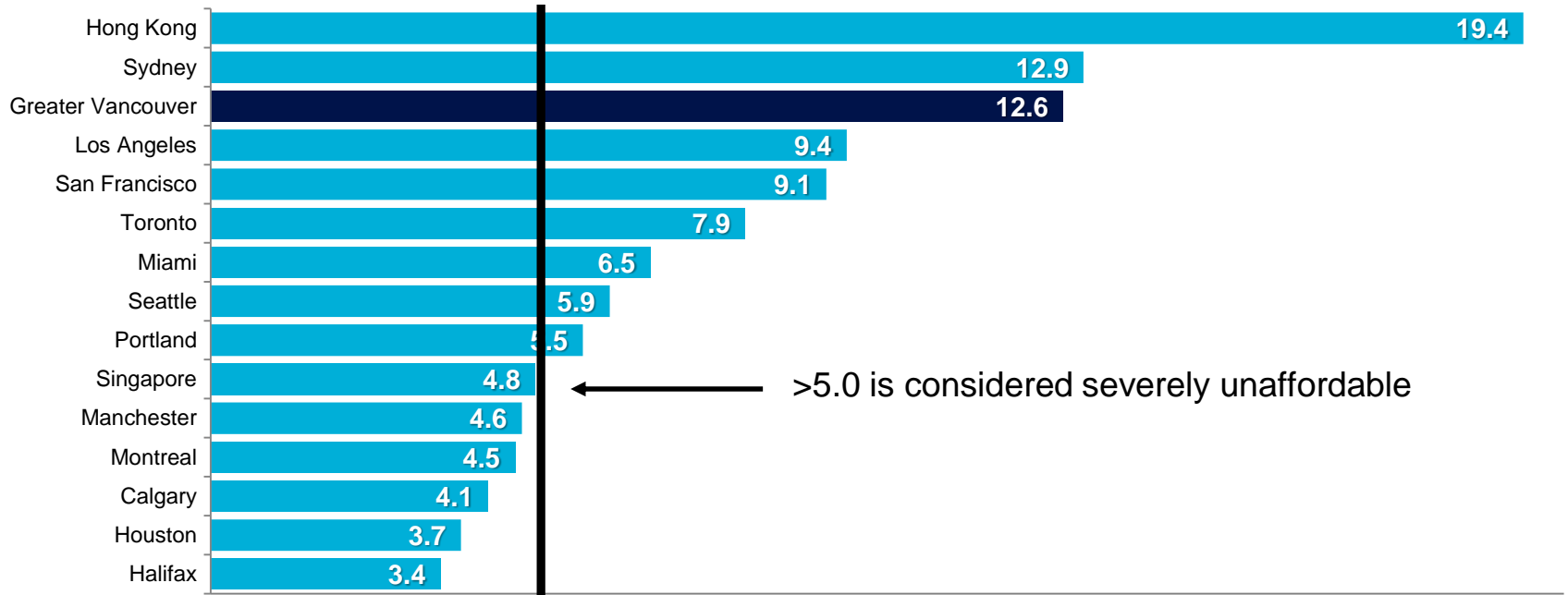
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Vancouver's Housing Severely Unaffordable

median house price divided by median household income



Sources: Demographia.



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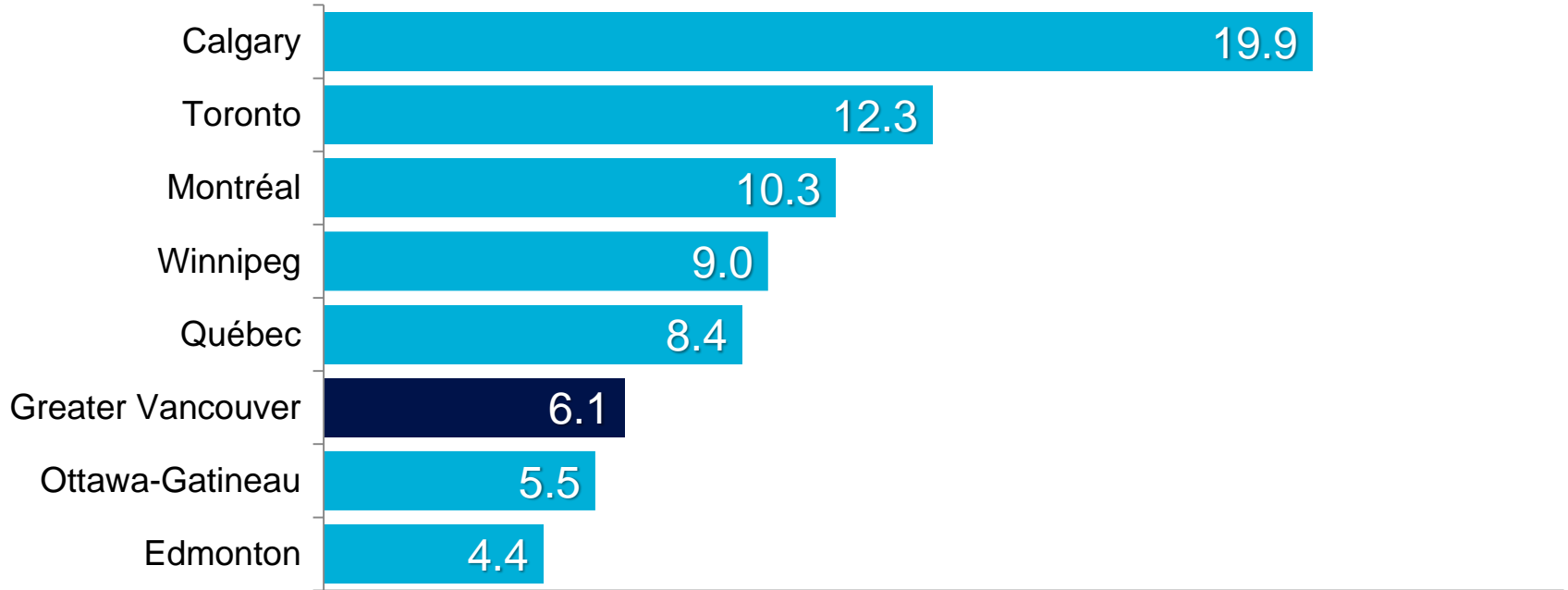
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Head Office Employment

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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Flashback: Regional Approach Needed

- 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.



Regional Coordination and Governance

Underlying factors

- General trend of urbanization
- Larger cities are typically growing faster than smaller ones
- The smaller cities that are growing fast tend to be near large metro areas
- Adoption of the automobile has led to sprawl and low density (cities have been largely built with cars in mind):
 - increases the costs of delivering municipal services
 - makes it difficult for public transit projects to be financially viable
- Canadian municipalities are constrained and rely on funding from higher levels



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

- Two regional bodies:
 - Metro Vancouver
 - TransLink
- Nevertheless, local issues persist:
 - Housing affordability
 - Industrial land scarcity
 - Transportation
 - Policing
 - Economic development



Regional Governance 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





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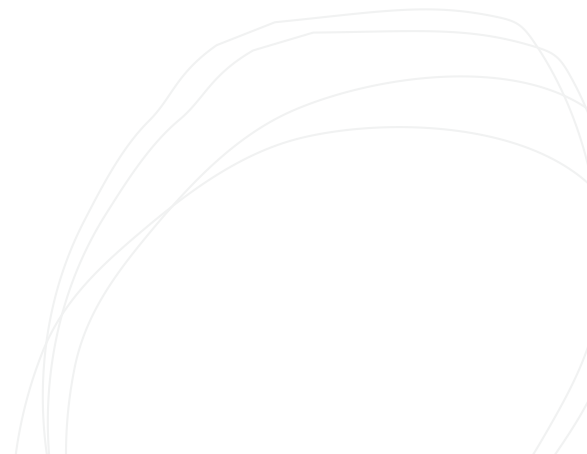


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2018 Greater Vancouver Economic Scorecard

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Agenda

- **Special Lens: An Important Regional Conversation**
- Key Takeaways
- Policy Priorities for the GVBOT



Special Lens: An Important Regional Conversation

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 39 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 invest 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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Policy Priority Areas for the GVBOT

1. Tax competitiveness
2. Affordability
3. The Asia-Pacific Gateway





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