

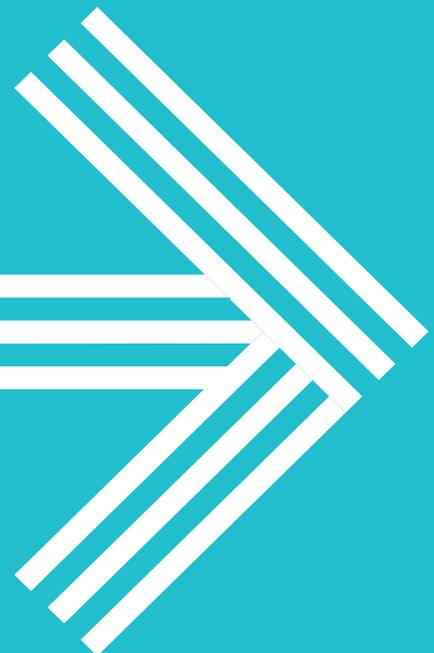
February 2021



VANCOUVER
ECONOMIC
COMMISSION

Vancouver Economy Report

Signs of recovery,
but who is left behind?





The economic fallout of the coronavirus pandemic highlights the connections between the innumerable systems that make up the global economy.

Healthcare, transportation, logistics and distribution, the household, kinship groups, education, and even the built and natural environment are interwoven on a local and planetary scale.

The Vancouver Economic Commission (VEC) has spent many years focusing on research, business and economic development activities for the technology, creative, green and impact industries, including startup support, high-impact investment attraction, and policy advocacy. We also carefully monitor the health of other major industries: tourism, manufacturing, agriculture, trade, construction, natural resource, education, and the creative industries, to name a few. The health of these industries is crucial to the wellbeing of our region.

With every part of the economy straining to weather the pandemic, this crisis has spurred an unprecedented level of collaboration, reprioritization and discussion in the economic development ecosystem on how to work more closely to provide relief at every level, and to every community. This is a perfect moment in time to question the goals of economists and economic development while urging ourselves forward: are economists and economic developers focusing on the right questions? Monitoring the right metrics? Are we thinking like 21st century economists?

Who have economists and economic developers left behind?

Who are we continuing to leave behind?

Nation-wide, there is limited scrutiny around the income, **job security** and **healthcare** discrepancies facing Black and Indigenous Canadian workers and households. Contrast this with the more consistently **monitored** and **documented** employment trends for women and youth. This is one of many examples of how social and political considerations have a critical role in economics and economic development. What we measure consistently shows what we care about, and signals what we intend to act on.

For our part, VEC will ensure our priorities and programming consider and reflect our diverse resident and business communities. We will address the issues that matter to them as we work on Vancouver's economic recovery and transformation into a stronger, more equitable and resilient economy.

In this issue

- **Economic Snapshot:** illustrating the state of Vancouver’s economy including exclusive city-level job stats. [Page 3.](#)
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- **Emerging Sectors to Watch:** this issue features esports and advanced air mobility (AAM). [Page 16.](#)
- **Traditional Economics: Growth** is a quick explainer on a traditional economic goal. [Page 20.](#)
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VEC respectfully acknowledges that it is located on the unceded ancestral territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətaʔ / səliłwítulh (Tsleil-Waututh) Nations.



Tourism & Hospitality

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Manufacturing

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Esports

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Urban Air Mobility

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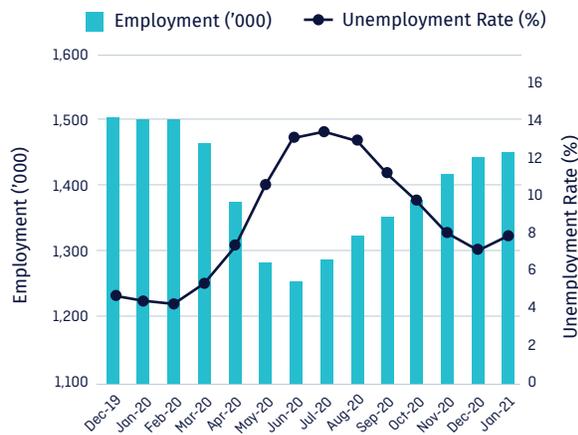
Economic Snapshot

Employment continues to recover, but youth hit hard

Metro Vancouver’s employment and job numbers are recovering strongly from the pandemic’s initial impact, with numbers rising from June’s low of approximately 1,253,000 jobs to 1,448,000 in January 2021 – a gain of 195,000 jobs, and the highest percentage gain across Canada’s four largest cities. The unemployment rate has also turned a corner, improving from 13.6 percent in July 2020 to 7.8 percent in January 2021. Despite unemployment spikes attributable to the pandemic, Vancouver’s unemployment rate was the lowest of Canada’s four largest cities prior to the pandemic and has remained so as of January 2021. It remains to be seen if and how soon the city will return to its pre-COVID unemployment rate of four percent.

Labour Force, Metro Vancouver

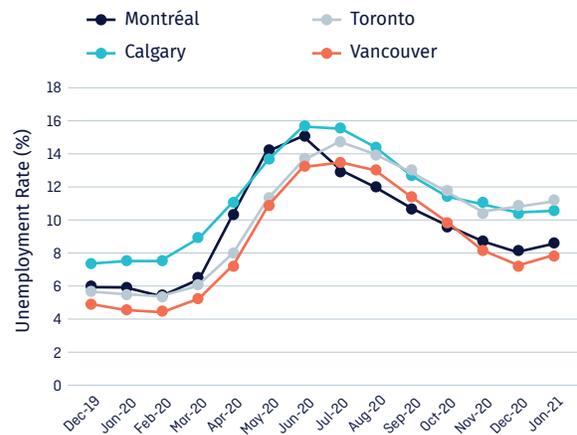
Three-month moving average, seasonally adjusted



Source(s): Statistics Canada

Unemployment Rate by Selected Canadian Metropolitan Cities

Three-month moving average, seasonally adjusted



Source(s): Statistics Canada

Across Canada, women, youth and racialized groups have been hardest hit by the pandemic in terms of job losses. However, in Metro Vancouver these trends have played out differently. Men experienced the biggest dip in full-time job losses between April and June 2020 – three times more than women – however, women experienced greater part-time losses (again, three times more than men). This shows that in Metro Vancouver, women generally tend to hold a greater percentage of part-time jobs. It is uncertain whether these part-time or full-time jobs are contract or permanent positions, and if so, whether this presents additional implications about unequal job security.

Impact on Full-time Employment by Gender ('000), Metro Vancouver

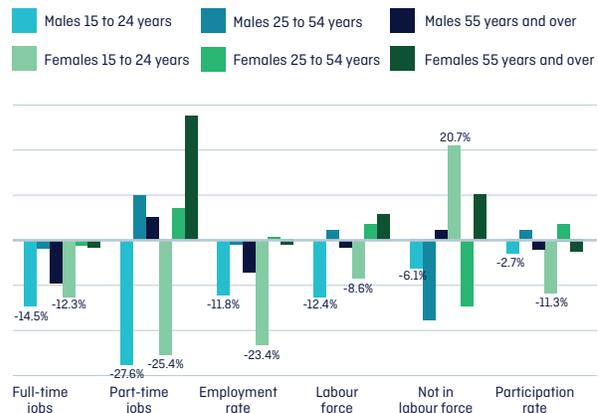
Three-month moving average, unadjusted for seasonality



Source(s): Statistics Canada

COVID-19's effect on employment has negatively impacted young people to a disproportionate degree. People of all genders aged 15–24 lost more full- and part-time jobs than any other age group. Sadly, the data gathered suggests many young women left the labour force altogether (with a 20.7 percent loss from February 2020 to January 2021). This trend underscores the social inequalities emphasized by COVID-19 and highlights an urgent need for action towards reversing youth and female unemployment. Given the widely reported duress related to persistent unemployment, there are possible troubling and compounding mental health implications for youth today that should be considered by public health and policymakers.

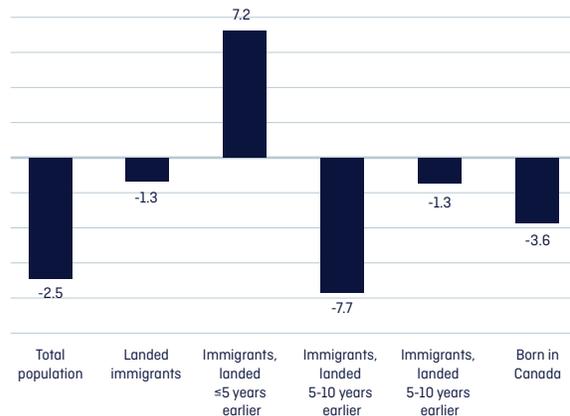
Employment by Age and Gender, Metro Vancouver
 Percentage change from February 2020 to January 2021, three-month moving average



Source(s): [Statistics Canada](#)

Employment data by immigrant status shows that immigrants who have lived in Vancouver for five or fewer years are the only group to have experienced a positive gain in employment (7.2 percent) between February 2020 and January 2021. This trend in Vancouver runs counterpoint to national trends. However, the data does not specify crucial nuances about the job gains by recent immigrants. Additional research could confirm and explore inequities within this data. Are these low-barrier jobs, highly paid jobs (such as senior tech management jobs brought in through the Global Talent Stream), secure jobs, or even front-line response jobs created by COVID-19?

Employment Rate Recovery by Immigration Status, Metro Vancouver
 Percentage change from February 2020 to January 2021, three-month moving average



Source(s): [Statistics Canada](#)

According to proprietary Statistics Canada data, the municipality of Vancouver lost approximately 26,600 jobs between February (when COVID-19 started to impact the economy) and December 2020 (the latest month for which data is available). Employment fell from 412,300 to a low of 355,500 in June – at our worst period, we lost more than 50,000 jobs. Since then we have seen a steady rise in employment. However, the industries in which this growth took place are significantly impacted by lockdowns, so recovery remains highly fragile.

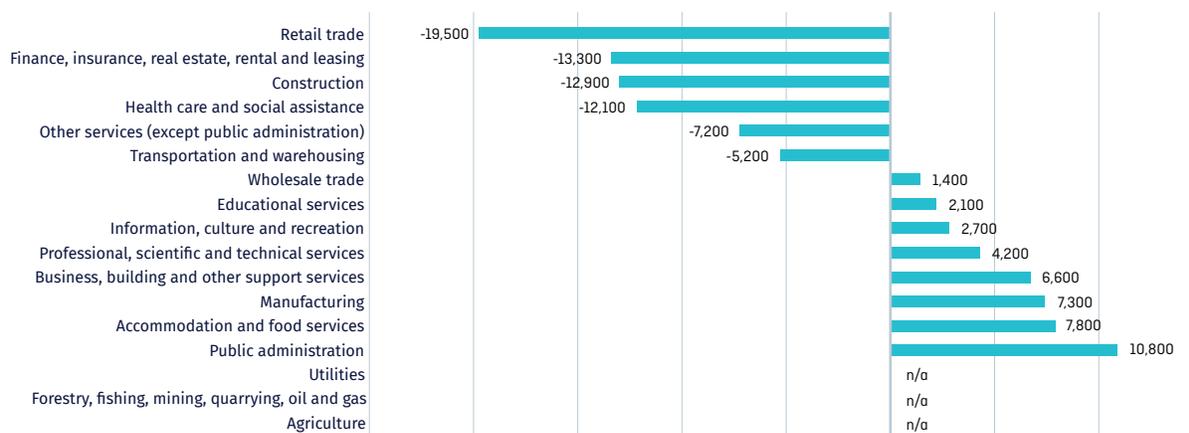
Employment Change ('000), Municipality of Vancouver
 Three-month moving average estimates, unadjusted for seasonality



Source(s): Statistics Canada, custom LFS analysis for the VEC

Employment Change by Industry, Municipality of Vancouver

February 2020 to December 2020, three-month moving average estimates, unadjusted for seasonality



Source(s): Statistics Canada, custom LFS analysis for the VEC

According to custom data from the Labour Force Survey, the industries in Vancouver impacted the most by COVID-19 are:

- **Retail and trade** – a loss of 19,500 jobs to a sector typically comprising 11 percent of total jobs;
- **Finance, insurance, real estate, rental and leasing** – a loss of 13,300 jobs to a sector typically making up 10 percent of total jobs; and
- **Construction** – a loss of 12,900 jobs in a sector that typically comprises six percent of total jobs in the municipality.

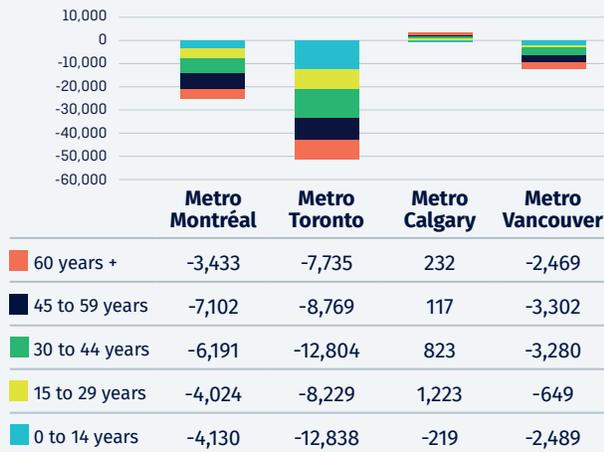
Service sectors have begun to rebound. We see the greatest recoveries in:

- **Public administration** – gaining 10,800 jobs in a sector typically comprising two percent of total jobs;
- **Manufacturing** – gaining 7,300 jobs in a sector typically comprising four percent of total jobs (for more on this mainstay sector, refer to [Industry Profile: Manufacturing](#) on page 13); and
- **Accommodation and food services** – up 7,800 jobs in a sector typically making up nine percent of total jobs.

It should be noted this data aggregation hides impacts to key subsectors of our economy suffering profound impacts from the pandemic. This is especially true of tourism, which is not tracked as a sector in its own right and which we know has suffered huge job losses (for more information, refer to [Industry Profile: Tourism & Hospitality](#), page 11).

Urban flight observed in most major cities

Net Intraprovincial Migration by Age, Selected Canadian Metropolitan Cities 2019/2020



Source(s): [Statistics Canada](#)

The migration of young people from cities is more than imagination or rumour: between July 2019 and July 2020, 12,189 people left Metro Vancouver and 53 percent of those who left were under 45 years of age. Contrary to some reports, this is not a record: between 2017 and 2018, 14,437 people relocated out of the city.

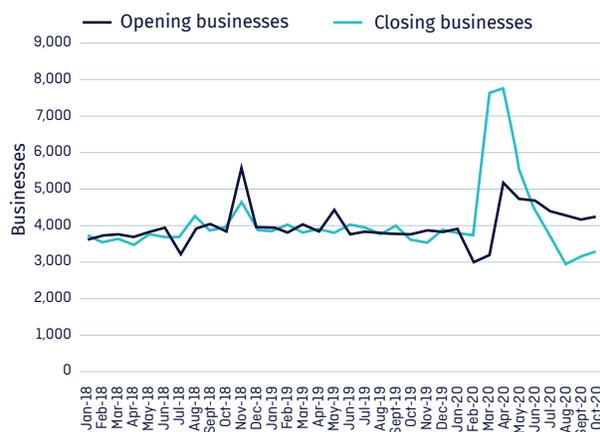
A quick comparison across major cities shows this trend is more pronounced in Montréal and Toronto than in Vancouver, with Calgary bucking the urban flight trend altogether.

Businesses slowly recovering

Data on continuing businesses (defined as businesses with at least one employee in the previous month, and at least one employee in the current month) indicates that Metro Vancouver lost approximately 9,400 businesses between February and June 2020, but gained approximately 5,000 businesses between June and October 2020 (the most recent month of data available).

Monthly Businesses Openings and Closures, Metro Vancouver

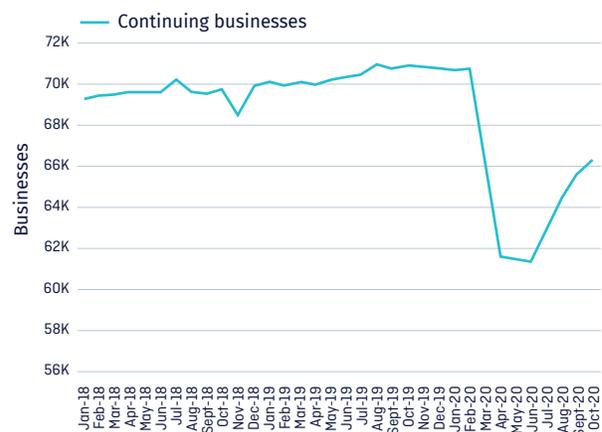
January 2018 to October 2020, seasonally adjusted



Source(s): [Statistics Canada](#)

Monthly Businesses Continuing, Metro Vancouver

January 2018 to October 2020, seasonally adjusted



Source(s): [Statistics Canada](#)

Vancouver’s Economic Structure *by GDP*

Despite GDP’s limitations as an economic health indicator, the chart below is a useful breakdown of Metro Vancouver’s economy by Statistics Canada’s industry sectors (North American Industry Classification System, or NAICS).

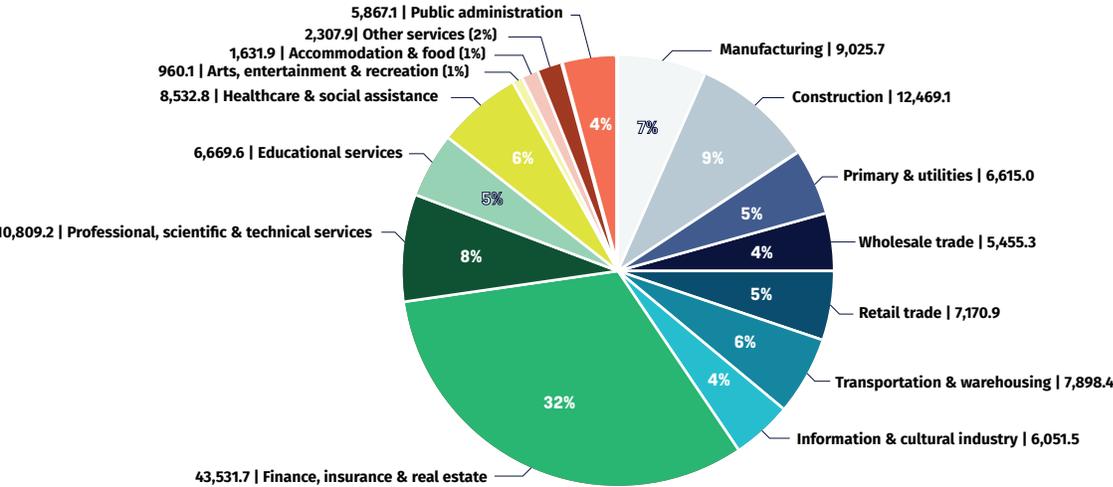
In Q2 2020 (the most recent data available), finance, insurance and real estate contributed \$43.5 billion, or 32 percent of Metro Vancouver’s real GDP – 2.5 times more than the second-largest GDP contributor, construction (which represented nine percent of real GDP). The next largest industries are professional, scientific and technical services, and manufacturing, contributing eight and seven percent, respectively, of real GDP.

While finance, insurance and real estate comprise our largest NAICS sector, the chart demonstrates Vancouver’s diverse and varied strengths in many additional sectors.

One caveat is that the NAICS breakdowns do not fully represent the importance of key sectors like technology, the green economy, tourism, life sciences or film and TV, which are all embedded within multiple NAICS categories. VEC and many others in the research and economic development ecosystem continually seek better data to understand the structure of our economy, and we hope to one day have the tools to accurately represent the importance of these key sectors.

Real GDP by Sectors, Metro Vancouver

Q2 2020 (Millions of chained 2012 dollars)



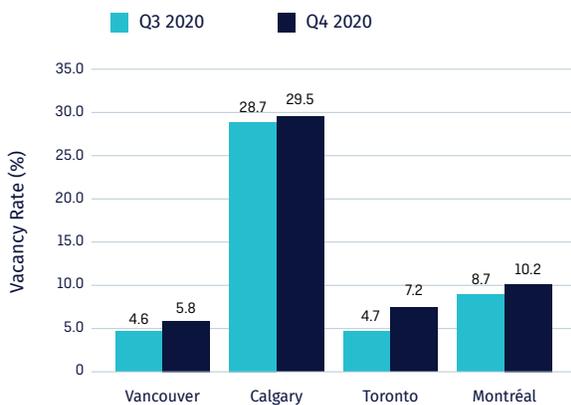
Source(s): Statistics Canada, custom GDP analysis for the VEC

Office vacancies rise while industrial availability further squeezed

While downtown Vancouver’s office vacancy rate increased from 4.6 to 5.8 percent between Q3 and Q4 2020, it remains the lowest rate among the four largest Canadian metropolitan cities. Toronto’s office vacancy rate increased by more than 50 percent during the same period, while Calgary’s office vacancy rate remains the highest in Canada.

Toronto’s industrial availability rate held steady at two percent over the past three quarters. Industrial availability rates in other selected Canadian metropolitan cities – including Vancouver’s – declined by approximately 0.5 percent. This is worrying, given the already tight industrial availability in Metro Vancouver. The region must urgently build and densify its industrial land bases, or further risk the jobs and services they provide. For more on the topic of industrial lands and actions taken to reverse it, refer to [Industry Profile: Manufacturing](#) (page 13).

Downtown Office Vacancy Rate by Selected Canadian Metropolitan Cities
Q3 and Q4 2020



Source(s): CBRE

Industrial Vacancy Rate by Selected Canadian Metropolitan Cities
Q3 and Q4 2020



Source(s): CBRE

Update

VEC is working with the Canadian Urban Institute, Greater Vancouver Board of Trade (GVBOT), Downtown Vancouver BIA, the City of Vancouver and other partners on a series of events to safely bring back workers downtown. Follow GVBOT or VEC on Twitter and LinkedIn to stay up to date on the details.

Report

Downtown Vacancy Remote Working Study

VEC, in partnership with MITACS and Jeff Hartmann of the SFU School of Public Policy, recently completed a study that examines the impact of remote work on Vancouver’s downtown. The study estimates the percentage of workers who can work remotely, as well as the economic impacts to the city and local businesses, should existing commuting trends remain. [Read the report.](#)

Capital and confidence *gradually improving*

According to CVCA's Q3 2020 market report, Vancouver saw the completion of 44 deals representing \$704 million in investment and accounted for 20 percent of investment in all Canadian cities in Q3 2020. The top two disclosed Canadian venture capital deals were AbCellera Biologics (later stage) and Chinook Therapeutics (pre-IPO), both Vancouver-based life sciences companies.

Consumer confidence is still low, though sentiments are shifting: the Consumer Confidence Index (CCI) shows a 39 percent increase in consumer confidence among British Columbians between November 2020 (second wave of COVID-19) and January 2021. BC and Quebec report the highest CCI among the most populous Canadian provinces.

Top Venture Capital Deals by Selected Canadian Metropolitan Cities

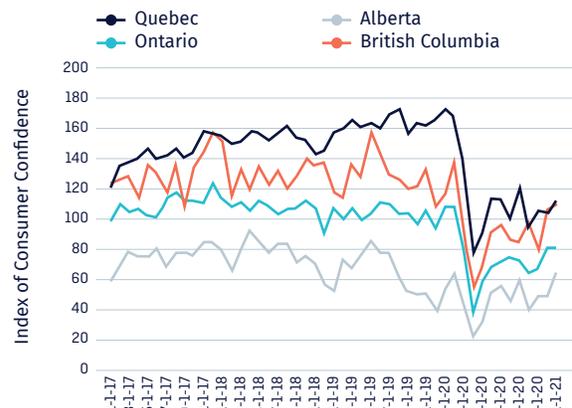
Year-to-date Q3 2020



Source(s): CVCA

Index of Consumer Confidence by Selected Canadian Provinces

Base year 2014 = 100



Source(s): Conference Board of Canada

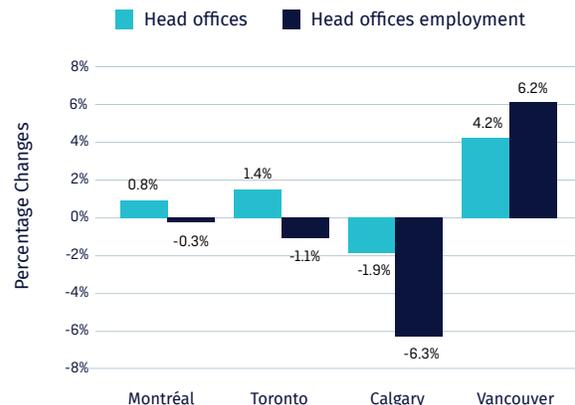
Head offices *growth in Vancouver bucks national trend*

Historically, many cities across Canada have outpaced Vancouver when it comes to head office growth. However, according to recent Statistics Canada data, head office growth in Vancouver has kept pace or exceeded the growth rate of other major Canadian cities such as Montréal, Toronto and Calgary.

Vancouver head offices created 955 net-new jobs from 2015 through 2019. Meanwhile, other cities saw net head office job losses over the same period. Another important factor to consider is the growth of regional offices rather than headquarters: in this case, Vancouver continues to report steady expansions by major employers like Amazon, Microsoft, Salesforce, Shopify and Mastercard.

Head Offices and Employment Change by Selected Canadian Metropolitan Cities

Percentage change from 2015 to 2019



Source(s): Statistics Canada

Latest Rankings

The VEC research team tracks more than 150 reputable rankings, which are calculated based on thousands of data points and metrics produced by independent think tanks, consultancies, media outlets and academic institutions. We pay particular attention to rankings that most effectively inform our work and city policy, a selection of which is featured below.

Vancouver ranks third in Canadian Tech Talent markets

Talent is the number one asset in the competitive tech market, and Vancouver has it by the barrowload. According to the [CBRE Scoring Canadian Tech Talent Report for 2020](#), Vancouver ranks third in Canada and 12th in North America for top tech talent. Over the past five years, the city has added 27,500 tech workers to its labour pool, which is growing at a rate of 48 percent – the fastest of any city in North America. Vancouver’s talented tech sector can be attributed to outstanding post-secondary institutions, quality and value of work, and a global reputation as a stable and desirable place to do business.

Canadian Tech Talent Report 2020

Vancouver	Ranking	Labour Pool	% Total Employment	Average Wage	Tech Talent Growth
	3	84,900	7.0%	\$81,931	47.9% [2014-2019]

Source: CBRE Scoring Canadian Tech Talent Report for 2020

Vancouver ranks 34th in Best Cities Report

World-renowned for its livability, Vancouver consistently scores high in “best cities” rankings, though the comprehensive [Best Cities Report](#) integrates brand, reputation and competitive identity alongside livability. Produced by Resonance Consultancy, which has offices in Vancouver, the annual report lists London, New York and Paris at the top. Vancouver, which placed 34th out of 100, is considered, “As smart as it is gorgeous. Too bad about the price of entry.” A fair if reductive assessment. (See our [Affordability Guide](#) to learn about the real cost of living and working in Vancouver.)

Three Vancouver companies profiled in 2021 Global Cleantech 100

Eleven Canadian companies appeared in the [2021 Global Cleantech 100](#) – and, for the first time, BC fielded four, rather than its usual half-dozen or more. While the previous year’s list profiled seven Vancouver companies out of 13 overall, this year’s edition featured three Vancouver companies out of 11 overall with expertise stacked in the Resources and Environment category. We’re nonetheless proud to note that the only two Canadian companies in the Global Cleantech 100 Hall of Fame – which recognizes companies that have appeared on the list at least seven times – are from Metro Vancouver: Ostara (the first company ever inducted) and Enbala (inducted in 2020).

Industry Profile

Tourism & Hospitality

\$14.4 billion
annual economic
value

105,000
full-time jobs in
Metro Vancouver

11 million
overnight visitors
in 2019

\$308 million
municipal
tax revenues

After thriving for decades, COVID-19 represents the greatest challenge to Vancouver's tourism and hospitality industry in recent memory.

Before the pandemic, this industry was growing faster than the provincial economy as a whole with \$20.5 billion in revenues and 161,500 jobs. Metro Vancouver represented a significant source of revenues with tourism and hospitality, which includes the restaurant and food services sector, contributing over \$14.4 billion to the economy and supporting more than 105,000 jobs.



Tourism's benefits transcend industries, with many tourism businesses buying goods and services from local retailers, supporting jobs in sectors ranging from agriculture to education, and facilitating access to international markets. Tourism enriches the lives of residents and visitors by supporting improvements to local amenities and infrastructure, including attractions, parks, recreation sites, resorts, restaurants and events. The industry also brings awareness to local culture and heritage, including championing and expanding awareness of Indigenous history and sovereignty through cultural experiences.

Cruise and conference traffic is particularly significant to Vancouver, representing an estimated \$2.2 billion in direct and indirect economic impact. Each of the 280 cruise ships that dock at Canada Place each year stimulate \$3.17 million in direct economic activity. Meanwhile, the meetings and conferences sector (M&C) drives more than \$1.6 billion in direct and indirect visitor spending. This sum represents the groups and events Tourism Vancouver works alongside; it is considered a modest estimate, as it does not include M&C businesses that go directly to venues like the Vancouver Convention Centre or hotels. Over the years, the city has hosted prestigious events like the annual TED Conference, FIFA Women's World Cup and SIGGRAPH, which have attracted tens of thousands of people while enhancing global awareness of Vancouver as a coveted destination for both business and leisure.

Source(s): Tourism Vancouver

Metro Vancouver & BC outlook for tourism in light of COVID-19

COVID-19 and associated public health guidelines related to travel and large gatherings have predictably devastated the industry. In Vancouver, Tourism Vancouver projects a loss of \$9.8 billion in visitor spend and 72,000 full-time jobs eliminated over the past year. Many tourism businesses were forced to close temporarily, while others have shuttered their doors forever. According to the same study, should tourism businesses remain closed, the approximate tax burden would be an additional \$123 per Metro Vancouver resident annually (based on 2020 numbers).

Projected economic losses in Metro Vancouver due to COVID-19

\$9.8 billion
in visitor spend

\$5.8 billion
in GDP

\$2.6 billion
in tax revenues

72,000
FT* equivalent jobs

On Thursday, September 17, 2020, the Province of British Columbia announced a [slate of measures](#) to support and stimulate the recovery of BC's tourism sector. Although the tourism industry has welcomed these initial relief measures, the industry has requested additional money to help keep businesses afloat, including doubling the \$50 million set aside for supporting the work of the tourism task force, and an additional \$95 million in emergency funding. Additionally, representatives of the sector have [expressed dismay](#) at the news that the Province of British Columbia was cautiously [investigating increased limitations on interprovincial travel](#).

In early February, in an effort to continue limiting the spread of COVID-19, the federal government announced the cancellation of the upcoming cruise ship season through to February 2022. This places an enormous and compounding burden on tourism-facing businesses, particularly those in Gastown and along the downtown and Waterfront areas that rely on cruise traffic.

Published on February 18, 2021, the Vancouver Esports Strategy assesses Metro Vancouver and BC's strengths and potential to grow into a global hub for an industry experiencing significant growth. With the esports industry's prospective impacts on intraprovincial travel, events organization, and venue use, tourism entities such as the Vancouver Hotel Destination Association and Tourism Vancouver have expressed their hopes that esports could play a role in helping the struggling tourism industry to recover when it becomes safe to host events once more. Read more in [Emerging Sectors: Esports](#) (pg. 16).

The tourism industry publishes regular updates for those interested in keeping up with developments on how the pandemic has impacted this economic pillar and its small businesses:

- **Tourism Vancouver** puts out several Vancouver-centred member newsletters, including separate issues for public policy, news, research and sustainability. [Sign up](#)
- **Tourism Industry Association of BC's** newsletter provides timely COVID-19-related updates and resources. [Subscribe](#) | [Browse Archives](#)
- **Destination BC** also provides regular updates on the fast-developing situation. [Subscribe](#) | [Archives](#)

*FT = full-time

Industry Profile

Manufacturing

\$22.8 billion

Value of BC-manufactured exports

110,850

Manufacturing jobs in Metro Vancouver & Fraser Valley

#4

Provincial economic pillar

A broad and ubiquitous field, the manufacturing industry engages in the processing or transformation of raw materials into goods ready for immediate use or to serve as material components in the creation of new products.

Metro Vancouver's manufacturing sector is a mainstay of both the greater regional and provincial economies. The Southwest Mainland region (which includes the Metro Vancouver and the Fraser Valley Regional Districts) is home to 67 percent of the provincial manufacturing industry. The industry generated \$15.3 billion in exports in 2019, and supported close to 111,000 of the province's 165,700 manufacturing jobs. Annually, BC's manufacturing industry accounts for between eight to 10 percent of provincial GDP and approximately 30 percent of business tax revenues.

Vancouver is home to many skilled and specialized small-scale manufacturers with fewer than 20 employees. However, the city's geographic and zoning limitations combines with rising industrial costs and competing industrial uses (e.g. port distribution and operations, self-storage and car dealerships) to present longstanding challenges in attracting and retaining manufacturing-at-scale operations. Decades of zoning policy and planning that favours residential and office developments have put even more intense pressure on Vancouver's industrial land base.



Top manufacturing categories in Metro Vancouver

- Food and beverage
- Wood products
- Papermill products
- Apparel and textiles

Others to watch

- Medical devices (incl. masks)
- Materials management (incl. circular economy)
- Hydrogen fuel cells



There are significant policy and planning actions underway to reverse damage done by decades of erosion and neglect of industrial lands in both the Metro Vancouver region and the municipality of Vancouver. Will they be enough?

According to VEC’s [Industrial Insights Research](#), at 29 percent, manufacturing companies make up the largest segment of businesses in the city of Vancouver’s industrial zones, operating alongside distribution, repair, design, arts and culture, and retail operations.

In Vancouver alone, [more than 565 hectares](#) were rezoned from industrial to other uses since 1970. This trend goes far beyond the city of Vancouver: the regional [Metro Vancouver 2015 Industrial Lands Inventory](#) found that “from 2010 to 2015, there was a net reduction of 350 [hectares] of industrial lands.” The [Metro Vancouver Regional Industrial Lands Strategy](#) (MVRILS) published in July 2020 confirms that the shortage of industrial lands in the region is expected to worsen over the next 10–15 years.

Vancouver Spotlight

The City of Vancouver’s [Employment Lands and Economic Review \(ELER\) Phase 2 Report](#) identified industrial areas as a key challenge to keep in mind for the developing Vancouver Plan and highlighted four emerging ELER directions aligned with the four “big moves” outlined by MVRILS:

- **Protect industrial lands for employment use:** ensure no overall net loss of industrial space in the municipality
- **Facilitate the right users in the right spaces:** consider increased flexibility in industrial uses
- **Enable balanced industrial intensification:** modernize zoning to encourage multi-storey industrial
- **Monitor, report, and coordinate industrial change:** identify impacts of policy changes and inform future work

A supply chain scramble early on in the pandemic underscored key gaps in BC's manufacturing sector.

Within weeks of the pandemic, numerous manufacturing ([textiles](#) and [distilleries](#)) and advanced manufacturing (such as [additive manufacturing](#)) businesses in Vancouver had successfully pivoted or tweaked their operations to meet the national and regional demand for hand sanitizer, masks, face shields and even [battery-operated medical triage centres](#). Some advanced manufacturing businesses in the medical or life sciences categories, including [Precision Nanosystems](#), [Stemcell Technologies](#) and [Abcellera](#), also answered the federal government's call for vaccines, treatments and antibody research.

While BC's manufacturing industry was equally affected by the economic slowdown in April and May of 2020, the latest numbers from Statistics Canada reported BC ended the year having recouped all pandemic-related losses in this sector. The province added [3,800 manufacturing](#) jobs in November 2020 (a 3.3 percent increase over the previous month) and reported a [3.7 percent gain](#) in end-of-year manufacturing sales over pre-pandemic levels, with these trends mirrored at the Vancouver CMA level. However, the scramble for essential goods and PPE early on in the pandemic left many questioning whether Canada, let alone BC or Vancouver, could manufacture what its residents needed in a crisis after decades of moving production out of the region.



Reshoring: A Manufacturing Myth or Miracle?

The concept of reshoring manufacturing operations to improve regional resilience is not a new one, nor localized to Vancouver or Canada. All the key barriers related to reshoring efforts may be boiled down to one thing: there are almost no financial incentives to build or reclaim manufacturing operations that moved elsewhere to secure larger profit margins, serve a steady (or more promising) market, or both. However, Metro Vancouver's resilience will benefit from valuing the region's existing manufacturing sector and investing accordingly in its success.

This could be done by considering how to expand and improve lands upon which manufacturing businesses operate and produce (encouraging vertical industrial), additional incentives (for local procurement), loosen certain regulatory structures that prohibit testing or developing certain products locally (as in healthcare), or even tighten the regulation and enforcement of what can be marketed as "made in Canada" or "made in Vancouver."

Recent and relevant updates on manufacturing from VEC & partners

- Through the fall of 2020, VEC worked with SFU researchers and international trade and investment organizations, including the Danish Trade Council and Swiss Global Business, to identify ways to further enhance BC's manufacturing capacity and supply-chain strengths in high-performance building equipment.
- Vancouver Economic Commission continues to monitor industrial vacancy and affordability rates, and continue to advocate for new supply of industrial land through zoning codes, co-leasing policy changes or intensification of existing space.

Sources: WorkBC; The Globe and Mail; Statistics Canada; BC Alliance for Manufacturing; Metro Vancouver Regional District; independently verified VEC research

Emerging Sectors

Esports

The global esports market is on track to double its revenues from US\$1.1 billion in 2019 to US\$2.2 billion within the next few years.

Thanks to the Vancouver region's proven track record in hosting international sporting events, talented community and committed fanbase, and attractiveness as a tourism destination, Vancouver and BC have all the foundational qualities to capitalize on this market trend.

US\$1.1 billion
Global Revenue in 2019

88%
are SMEs (in BC)

23 million
Canadians identify as gamers

Metro Vancouver and the province's wider esports ecosystem has many of the key components necessary to scale its success as a global esports hub, including the presence of innovative esports companies (The Gaming Stadium, Battlefy), offices of top game and hardware developers (Microsoft, EA Sports), and notable key personalities and business leaders.

Esports represents new and timely opportunities for BC's post-COVID-19 economy, including providing alternate modes of revenue generation for businesses in support industries. Esports companies can often access multiple verticals and revenue streams that do not fit into traditional fundraising models. Their activities intersect with event management and tourism, software development, hardware development, games development, and media and content creation.



“Over the last 10 years, esports has grown in popularity with major events drawing international audiences. Investment in the esports events industry has provided Tourism Vancouver access to new markets and travellers that broaden our marketing reach, and helped Vancouver to be recognized as a base for innovation and creativity.

Vancouver has a strong interactive gaming cluster and is a natural fit to develop as an esports hub, especially since hosting the International Dota 2 Championship in 2018. When it is safe to hold live events again, we see esports as part of the rebuild of our visitor economy in bringing visitors back to Vancouver and supporting tourism and hospitality businesses in our region.”

Royce Chwin, President and CEO, Tourism Vancouver



Vancouver Economic Commission published the Vancouver Esports Strategy with support from Western Economic Diversification, TELUS, Vancouver Hotel Destination Association, and Tourism Vancouver.

- » In September 2019, VEC secured funding from WD Canada to develop a regional esports strategy to promote the Metro Vancouver region as an esports hub.
- » Throughout 2020, VEC consulted hundreds of business, investor and community stakeholders to collect local insights and assess the BC esports ecosystem, culminating in a comprehensive ecosystem report and strategy recommendations published on February 2021.
- » VEC is currently in discussions with industry partners and funders to implement some of the recommendations from the esports strategy in a program of work for 2021.

“By tapping into the booming global market for esports, the VEC is inspiring young Canadians to harness emerging digital technology, while building on Vancouver’s bench strength as a hub for creative and entertainment industries.”

The Honourable Mélanie Joly,
Minister of Economic Development and Official Languages and Minister responsible for Western Economic Diversification Canada

Vancouver Esports Strategy recommendations

Stage 1: Local

- Improve cohesion of local esports ecosystem
- Establish an esports association
- Introduce policies to formalize esports as a form of traditional sports
- Introduce policies to improve esports infrastructure and cluster development
- Encourage local esports events and esports in education
- Build investor confidence in esports companies

Stage 2: International

- Attract international esports leaders to open new offices in Vancouver
- Host international esports events
- Engage and guide cross-border investors
- Refine pathways and processes for esports-related immigration and work
- Develop and distribute international-facing marketing materials



Find the ecosystem map and reasoning behind all of these recommendations, and more, in the report.

[Download Here >>](#)

Advanced Air Mobility

The next frontier in aviation, advanced air mobility (AAM) facilitates the development of airspace above cities and exurban areas to deliver advanced mobility options for residents, businesses, disadvantaged communities, Indigenous communities and emergency responders. Employing new technologies like lightweight electric motors and advanced composites, AAM's zero-emissions aircraft support safe, green and affordable flight that promises to significantly relieve congestion in heavily populated areas.

\$1.7 trillion
global market
opportunity

17,000
estimated jobs in Metro
Vancouver by 2040

#1
largest seaplane
fleet in the world

1st ever
electric commercial
flight, Harbour Air

Advanced air mobility has the potential to dramatically alter the way people and goods are moved within the host region. Applications could include sustainably transporting supplies to remote communities, transferring critically ill patients to major medical centres or reducing the environmental footprint of food delivery. With the appropriate regulations established from the outset, AAM could be an asset in the journey to improve social and environmental health.

VEC has engaged with the Canadian Advanced Air Mobility (CAAM) consortium to investigate policies, evaluate best-use cases, and locate sites to pilot AAM technology. Vancouver is well-positioned among global cities to host and develop the sector, with strong aviation infrastructure, government commitments to decarbonize transportation. Furthermore, the city is situated in the Cascadia megaregion, one of the busiest routes for the movement of goods and people between Canada and the US, and one with numerous cross-border pledges of collaborative and sustainable economic development.



Photo: InDro

Vancouver Spotlight

[InDro Robotics](#) provides a range of remotely piloted aerial, water and land services as well as various mission-specific sensor packages to address the globe's most complex issues.

Read more about InDro Robotics:

1. [“New York Power Authority successfully tests drone flights using private LTE wireless network for close-up inspections of power lines”](#)
2. [“Building the access gap with drone technology”](#)
3. [“How 5G drones are saving Canadian crops”](#)
4. [“B.C. drone company flies ahead of pack”](#)

Source(s): Goldman Sachs/Morgan Stanley, Nexa Advisors



VEC & industry partners investigating opportunities related to advanced air mobility

- The report “Advanced Air Mobility Comes to Vancouver,” commissioned by the Canadian Advanced Air Mobility (CAAM) consortium, explores AAM’s economic potential and outlines requirements to integrate this form of transportation into Canadian cities. The report also spotlights Vancouver as the ideal destination to pioneer AAM in North America and delves into the city’s potential to swiftly become an AAM world leader.
[Read the report here.](#)
- During the next several months, VEC will conduct a detailed AAM ecosystem analysis in Vancouver and Cascadia to identify prospective partnerships between local and regional businesses, academia and public entities. The research will include an investigation of Vancouver’s relative strengths and gaps compared to global destinations pursuing AAM while considering applications and opportunities for small to medium businesses and non-profits.

March 5, 2021 | Online Event Future-proofing Vancouver: Transformative ideas for economic resilience

Join the Vancouver Economic Commission and SFU Beedie School of Business, along with Regional Chief Terry Teegee, Mayor Kennedy Stewart, and speakers from the BC Assembly of First Nations and the Canadian Advanced Air Mobility Consortium (CAAM) for a moderated dialogue around themes of future-proofing Vancouver in anticipation of economic transformation.

With special guest:
JR Hammond, executive director at CAAM, will share his insights on urban air mobility and its potential to connect people and places more efficiently with zero-emission aviation.

Free to Register

Growth

What is it? Growth is the process – or result – of an increase in size, output, development, and value.

Growth functions as a key success metric and ongoing objective for many economies, businesses, investors and individuals. Our global financial system is fundamentally built on increasing returns on investment; economists lean heavily on GDP growth as an indicator for economic health; most businesses seek to continually grow sales and profit.

The drawbacks of growth as an objective

Growth is a necessary part of the economic, business and personal life cycle and can yield many social benefits. In areas such as improving access to public transportation infrastructure or renewable energy sources, growth could also provide net environmental benefits. However, an ongoing, systemic failure to fully explore and strive for better quality of growth has compounded global income inequality and environmental stress.

As a byproduct of operating within a growth-oriented financial, economic and social system, we are trained into a growth mindset where growth implies only positive gains. However, this mindset can trigger tunnel vision in policy and planning; one where we act as if growth is infinite and its cost to people and planet irrelevant. Infinite economic growth is a fallacy that fails to consider the planetary constraints in which we operate, the people who cannot participate in mainstream economics, and the way not everyone will equally benefit from economic growth.

In business, profits are generally reinvested and rededicated to generating a larger market share. However, decades of compounding profits with limited market controls have concentrated wealth creation and intellectual property into fewer hands while limiting the ability of smaller businesses to compete.

Average growth rate over time

Average Annual Growth Rate
= (Present Value / Past Value)^{1/N} – 1

Where the Present Value is the newer value to be calculated in comparison to a historical or “starting” value (Past Value); and N represents the number of time units that have passed (years).

Expressed as Percentage Change
= [Growth Rate] x 100

Midpoint Growth Rate (percent change)
= [(Present Value – Original Value) / (Sum of Values / 2)] x 100

What are some alternatives to traditional growth as a goal?

Even [Simon Kuznets](#), the frequently economist credited with popularizing national income and GDP as a metric, wrote as much in *The New Republic*, published in 1962: “Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and long-term. Objectives should be explicit: goals for ‘more’ growth should specify more growth of what and for what.”

Alternative perspectives to traditional growth defined

Sustainable development or green growth	Fostering economic growth and development while ensuring the restoration or health of natural resources and environmental assets, which are recognized as central to human and social wellbeing. Associated with reliance on ecodesign, green innovation and technological and scientific advancements.
Regenerative economics	Also known as regenerative capitalism, this is an eight-principle economic system working to regenerate capital assets, including environmental resources such as clean air and water.
Doughnut economics	A economic framework built on the objective of meeting the needs of all people within the means of the planet.
Post-growth	Considers the need to decouple growth from wellbeing. Also known as growth agnosticism.
Degrowth	An emphasis on reducing production and consumption, including defining additional or alternative goals to economic growth. An umbrella term for various academic, political and social academic movements.

Source(s): European Environment Agency, [“Briefing: Growth without economic growth,”](#) Capital Institute

Further reading

- » [Center for the Advancement of the Steady State Economy \(CASSE\): Steady State Economics](#)
- » [Doughnut Economy: “Be Agnostic about Growth”](#)
- » [Capital Institute: Regenerative Economics](#)
- » [European Environment Agency: Growth without economic growth](#)

Source(s): Doughnut Economics, European Environment Agency, Capital Institute, OECD

21st Century Economics

Inclusive Growth for Shared Prosperity

“Inclusive growth refers both to the pace and pattern of growth, which are considered interlinked, and therefore in need to be addressed together. ...Inclusiveness – a concept that encompasses equity, equality of opportunity, and protection in market and employment transitions – is an essential ingredient of any successful growth strategy.”

Elena Ianchovichina and Susana Lundstrom, The World Bank

What is inclusive growth and why does it matter?

The Organisation for Economic Co-operation and Development (OECD) defines inclusive growth as “economic growth that is distributed fairly across society and creates opportunities for all.” The World Bank sees inclusive growth as a necessary framework for poverty reduction and shared prosperity, allowing people from all societal segments to participate in the economy and benefit from its growth. Definitions vary across jurisdictions and organizations, and inclusive growth takes on different meanings depending on where and when the term is used.

According to Oxfam Canada, Canada’s 44 billionaires collectively grew their wealth by almost \$63.5 billion since stock and bond markets began recovering in March 2020. Prior to the coronavirus pandemic, global GDP continued to rise while the wealth gap widened. The world’s richest 1% captured 82 percent of global wealth created in 2017.

An inclusive growth approach has the potential to address these inequalities by making shared prosperity the objective, replacing traditional growth and financial goals that prioritize returns on investment.

Implementing an inclusive growth approach for shared prosperity requires strong public and political will. Making inclusive growth effective requires a fulsome intersectional approach.

The [Institute for New Economic Thinking](#) observes that people who grasp structural racism or environmental injustice frequently come by their perspectives through lived rather than educational experiences. Understanding intersectionality is key to developing an inclusive growth framework. Policymakers, businesses, investors and other leading decisionmakers in our economy need to be equipped with tools for systems thinking and a robust commitment to social equity. The concept of economics and economic development going hand-in-hand with addressing social challenges must be normalized.

As a goal, shared prosperity has generally gained traction among Vancouver and BC policymakers. However, without intersectional considerations, attempts to reconfigure traditional growth objectives into inclusive growth objectives will achieve shallow, short-term or performative outcomes that fail to provide truly inclusive long-term prosperity.

“Eliminating racial disparities in economic well-being requires long-term, targeted interventions to expand access to opportunity for people of color.” – **Center for American Progress**

Inclusive growth is ultimately still growth, and an over-reliance on it to solve systemic and wealth inequality will succumb to many of the same pitfalls that conventional economic growth has created.

Growth should be accountable to priorities other than return on financial investment, such as the climate emergency, maintaining a diverse and resilient economy, and dismantling structural inequality.

Some question whether making any growth the goal can be positive at all. (Refer to degrowth, post-growth, and doughnut economic models in above **Traditional Economics: Growth**, page 21).

What are some solutions and resources for inclusive growth?

The International Development Research Centre’s **inclusive economies** program area supports knowledge, innovation, and solutions that help build more prosperous, just and resilient societies. Other organizations focus on **economic justice for racialized groups**, **Indigenous communities**, communities of people with disabilities, women and girls, or some combination of all. Institutions are experimenting with financial tools such as **green bonds** and **social impact bonds**, and companies with revised structures and governance, such as **B Corporation certification**.



Image: [GrowInclusive](#)

We invite you to check out the following resources for more information:

OECD & The World Bank – Promoting Inclusive Growth: Challenges and Policies

The World Bank – Inclusive Growth Analytics: Framework and Application; Inclusive Growth Revisited: Measurement and Determinants

OECD – Making Inclusive Growth Happen: The Role of Institutions

Center for American Progress – Systemic inequality and economic opportunity

Institute for New Economic Thinking – Why do economists have trouble understanding racialized inequalities?

Corporate Knights – We can’t build back better without economic justice for racialized women

Gender and the Economy (GATE) & YWCA Canada – A Feminist Economic Recovery Plan For Canada

Social Finance – Social Impact Bonds: The Early Years

Indigenomics Institute – Unleashing the \$100 Billion Indigenous Economy

Source(s): OECD, World Bank, Center for American Progress, Social Finance, Institute for New Economic Thinking

Recovery and Resilience

Notable developments across six pillars that contribute to a prosperous, inclusive, zero-carbon and resilient economy.

Climate Emergency

Climate Emergency Action Plan

Vancouver Mayor and City Council approved the Climate Emergency Action Plan at the end of 2020, setting Vancouver on track to reduce carbon pollution by 50 percent by 2030.

» [City of Vancouver](#)

SFU's Renewable Cities selected to establish a Low Carbon Cities Canada Innovation Centre for Metro Vancouver region

Simon Fraser University's Renewable Cities Program received \$21.7 million in federal funding to help cities across the region reach their climate goals by identifying, financing and scaling up climate solutions.

» [Simon Fraser University](#)

Equity and Inclusion

New grant, loan programs to provide support for BC's Métis entrepreneurs

The Métis Financial Corporation of BC (MFCBC) and partners have announced a new set of loans and grants ranging up to \$60,000 to help Métis-owned businesses recover from the pandemic.

» [Métis Financial Corporation of BC](#)

Policy

New funding available for businesses hit hardest by the coronavirus pandemic

Businesses across Canada may now apply for low-interest loans of up to \$1 million through the Highly Affected Sectors Credit Availability Program (HASCAP). The fund is intended to support businesses and sectors hit hardest by the coronavirus pandemic.

» [Government of Canada](#)

Innovation

Construction technology offers opportunities to increase productivity, reduce waste

In a new publication on contech, VEC and Scius Advisory profiles the ecosystem in Vancouver while exploring how innovations in construction can improve efficiency and reduce waste.

» [Vancouver Regional Construction Association](#)



New and Noteworthy

Infrastructure

Emerging trends in infrastructure

The 10 infrastructure trends explored in this KPMG report include cities rethinking their value proposition; renewed focus on connectivity and digital infrastructure; and societal demand for a greener, fairer and more sustainable rebuild of the world economy.

» [KPMG](#)

Supply Chain Resiliency Grant for B.C. manufacturing projects

The Supply Chain Resiliency Grant (SCRG) program invests \$4 million to help regional manufacturers or groups of manufacturing companies recover from the financial impacts of the pandemic.

» [Province of British Columbia](#)



People

Launch Online Grant Program

The Launch Online Grant program aids BC small and medium-sized businesses hoping to improve their online presence and processes. Funding will help cover up to 75% of costs for eligible expenses up to a maximum of \$7,500 per business.

» [Province of British Columbia](#)

Recent and upcoming VEC resources related to business and economic development

Report | Vancouver Esports Strategy

The [Vancouver Esports Strategy](#) assesses Metro Vancouver's base potential as an esports hub while covering the economic benefits associated with tapping into an industry anticipated to double global revenues from \$1.1 billion to \$2.2 billion in the next four years.

Program | Project Greenlight

Project Greenlight aims to amplify Metro Vancouver's startup ecosystem and accelerate smart and sustainable transformation across the region by unlocking new opportunities for innovation. It is a membership-based demonstration platform built around a challenge-based process that addresses members' innovation needs and enables them to source, screen, and onboard solutions at a faster pace than would be possible under conventional procurement processes.

Webinar | Future-proofing Vancouver: Transformative ideas

We know the trends that will cause the greatest changes in Vancouver's economy and the opportunities they unlock. Here's how we prepare. Join the Vancouver Economic Commission on March 5th for a moderated dialogue around future-proofing Vancouver in anticipation of economic transformation. Panellists include Regional Chief Terry Teegee, Mayor Kennedy Stewart, Sarah Lubik (SFU Beedie School of Business), Mark Podlasly (BC Assembly of First Nations) and JR Hammond (Canadian Advanced Air Mobility Consortium). [Register today.](#)



Additional Economic Development Reports and Resources

Source	Title
Bank of Canada	Monetary Policy Report January 2021
British Columbia Assembly of First Nations	Centering First Nations Concepts of Wellbeing: Towards a GDP-Alternative Index in British Columbia
Canadian Centre for Policy Alternatives	The Golden Cushion CEO compensation in Canada
Central 1 Economics	B.C. Economic Briefing January 2021
Centre for Future Work	Employment Transitions and the Phase-Out of Fossil Fuels
Circle Economy	The Circularity Gap Report 2021
Deloitte	Economic Outlook January 2021
Federation of Canadian Municipalities	City-Building, Intensification and COVID-19
First Nations Major Projects Coalition	Indigenous Sustainable Investment
Foresight	Building A Better BC
GVBOT	2020 Region in Review
KPMG	British Columbia Technology Report Card
Oxfam Canada	The Inequality Virus: Bringing together a world torn apart by coronavirus
Policy Options	Ten trends that will shape events in 2021
Small Business BC	Marketing Trends for 2021
Startup Genome	Global Top 20 Fintech Ranking 2020
The Globe and Mail	Women are outnumbered and outranked at Canada's vital public institutions
Tourism Vancouver	2021 Business Sprint

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