

Vancouver Economy Report

An open invitation to embed economic development into our everyday thinking

Plus
Economic Reconciliation
a quick primer on a concept central to equitable and inclusive development

Economic Snapshot
Life Sciences
Zero Emissions Buildings
Government Debt and Deficit

June 2021





There is a disconnect between the way we understand the economy and our day-to-day life

The economy is inescapable; it forms the building blocks to our lives. This is because everything – what we eat, how we move around, how we conduct and pursue social relationships, our choices throughout our careers – is premised on our current economic model. And economic development is one of the deciding factors of whether we thrive or struggle in today's economy.

“Everything – what we eat, how we move around, how we conduct and pursue social relationships, our choices throughout our careers – is premised on our current economic model.”

The pandemic shone a light on the groups and workers crucial to maintaining and fulfilling economic success: caregivers, drivers, parents, front-line workers, and delivery staff to name a few. What we think of as traditional economic development has not historically centred or aided many of the groups essential for the day-to-day functioning of an economy. COVID-19 has shown us that these workers and groups, traditionally excluded from the economic development process – must be part of the decision-making to lay the groundwork for a more resilient economy.

The Vancouver Economy Report is an open invitation to welcome economic development into our everyday thinking. This publication aims to illustrate the impact of economic development on our lives while helping readers brush up on traditional economic concepts, such as growth and debt. Further, the report aims to show how concepts like economic reconciliation and inclusive growth could feed into the expanded goals of 21st century economic development: ones that address and redress historical wrongs; centre resilience and shared prosperity; and build an economy that works for all.

Tell us what you think

Thank you for perusing the Vancouver Economic Commission's latest economy report. As you read it, please note we are always open to feedback to improve this publication. We invite you to complete our brief survey on its value to you.

[Provide Feedback](#)

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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.



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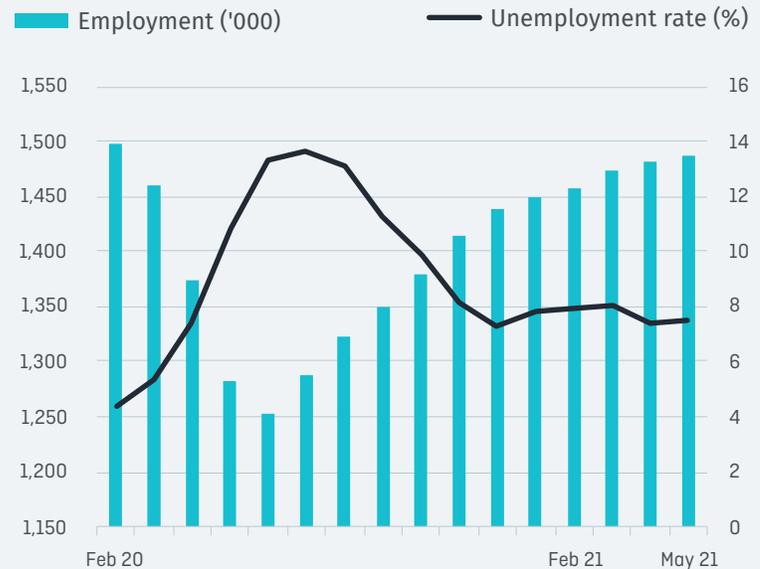


Economic Reconciliation
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Employment: continues to rebound

Total employment in Metro Vancouver continues to increase (up 4,900 from April 2021; +0.3%) with the most recent gains coming from full-time jobs for men aged 15–54 years and women aged 25–54 years. Among Canada’s four largest cities, Vancouver has held the lowest unemployment rate (held steadily between 7–8%) since last November.

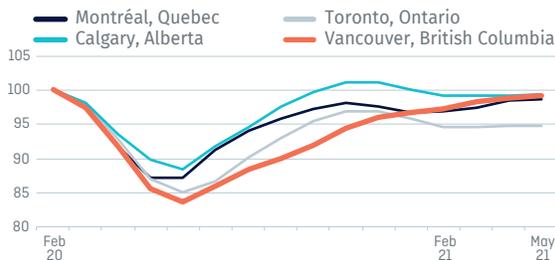
Metro Vancouver Employment



Source(s): Labour Force Survey, Statistics Canada

Employment Indexes

Feb 2020 = 100



Recovery: employment almost restored to pre-COVID-19 levels

The index (base month = February 2020) shows employment in Metro Vancouver reached 99.2 in May 2021, very close to pre-pandemic levels. This analysis shows that, despite Vancouver being the hardest hit by COVID-19’s economic impacts, it has simultaneously recovered the most ground from what some economists refer to as “The Great Suppression.”

Source(s): VEC analysis; Labour Force Survey, Statistics Canada

Metro Vancouver Employment Indexes

By type of work, Feb 2020 = 100



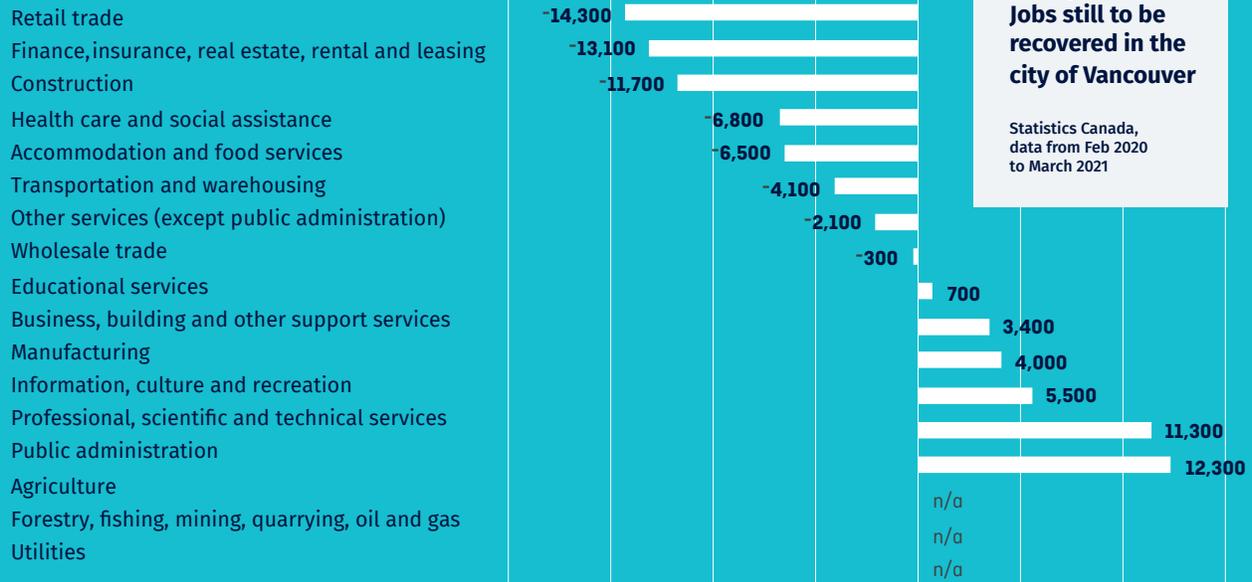
Job-type: most employment gains are part-time

While part-time employment levels suffered a hard initial hit, particularly over the previous summer, they recovered far faster than full-time employment over the past 11 months, even surpassing pre-COVID-19 levels in May 2021. However, the quality of these part-time jobs is unknown. Are we swapping secure, high-quality jobs for insecure gig economy ones? Food for thought: contrast BC’s average part-time wages (\$416 weekly) with full-time ones (\$1,281 weekly).

Source(s): VEC analysis; Labour Force Survey, Statistics Canada

Municipality of Vancouver Employment by Industry

Feb 2020 to Mar 2021



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

City Jobs by Sector: Exclusive data shows sector-level job impacts*

- **Public administration** and **professional, scientific & technical services** have gained the most jobs in the city in absolute terms
- **COVID-19** has driven a need for more **public administration; tech & scientific** jobs demand has been strong
- **Retail** has been hardest hit overall, due to ongoing COVID-19 restrictions

*Note this data is only until April 2021 and is less accurate than Metro level data above

City-Level Jobs: what does this chart show?

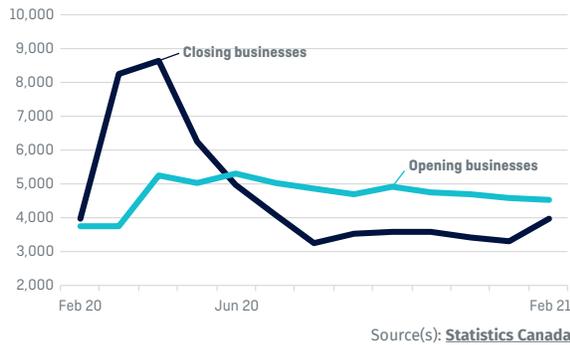
Most city-specific data is only available at the census metropolitan area (CMA) or regional level. This more granular municipal-level data comes from a **pilot project with Statistics Canada** that trialed the development of city-level employment data for the first time ever outside of census years. The data lags the employment data previously shown for Metro Vancouver, as it takes a longer time to process. Its margin for error is also greater owing to the smaller sample size.

Despite these statistical challenges, municipal-level data still provides a valuable and deeper perspective on what is happening in Vancouver's job market.

The municipality of Vancouver has yet to recover 21,000 jobs lost due to COVID-19. Our worst period in employment was June 2020, when jobs fell to a low of 356,000 (from a high of 412,000). While employment has grown steadily since last October, recovery remains challenging at the municipal level (please note this data is only until April 2021).

Metro Vancouver Business Numbers

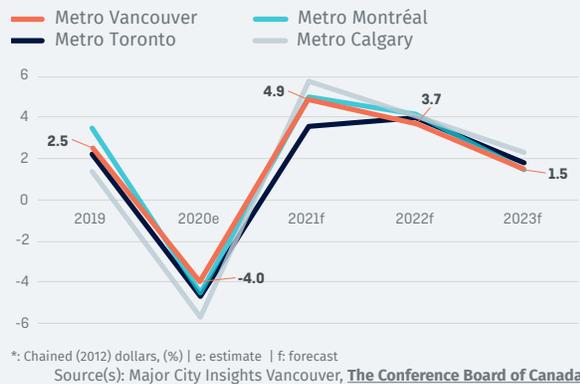
Experimental estimates, monthly



Business Numbers: closing businesses declining, opening businesses steady

Metro Vancouver businesses continue to bounce back from COVID-19. Opening businesses increased by 21 percent and closing businesses decreased by 0.4 percent between February 2020 and February 2021 (the most recent month of data available). Metro Vancouver saw a turning point in June 2020: its strong recovery has resulted in a count of 80,620 continuing businesses as of February 2021 (up from pre-pandemic levels of 80,229).

Real GDP* Growth Rate Forecast

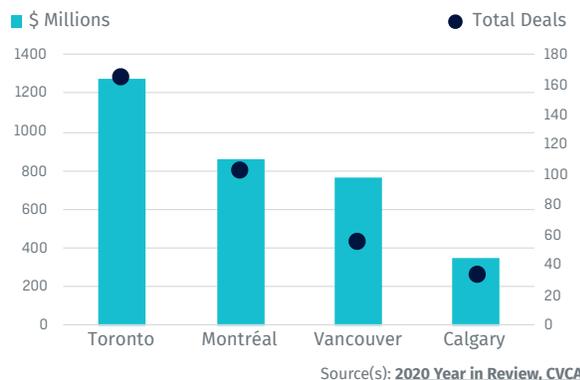


GDP: vaccine rollouts bring back economic activity

Metro Vancouver’s real GDP fell by an estimated 4.0 percent in 2020, but is forecasted to rebound by 4.9 percent in 2021. The Vancouver region fared better when compared to the wider provincial performance (-3.8 percent in 2020).

However, Metro Vancouver’s economy is predicted to rebound slower than the national real GDP growth rate of 5.8 percent.

Top Venture Capital Deals 2020

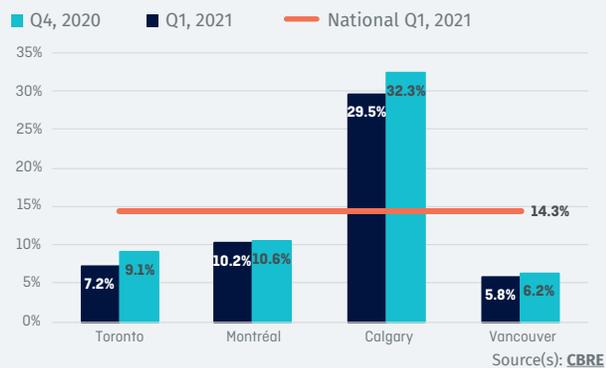


Investment: massive life sciences exits dominate in 2020

In 2020, Vancouver saw 55 deals representing \$767 million in investment in 2020, ranking third behind Toronto and Montréal for deal flow. Total investments in 2020 were 25 percent lower than 2019 (58 deals and \$1,051 million). Notably, two exits by AbCellera (\$144 million) and Chinook Therapeutics (\$140 million) accounted for approximately one-quarter of total investment into the Canadian life sciences sector.

Office vacancy: rates continue to creep up

Downtown Office Vacancy Rate



According to CBRE, commercial vacancy has increased across the country for four consecutive quarters. Despite much subleasing activity, Vancouver's downtown office vacancy rate increased by 0.4 percent in Q1 2021. However, at 6.2 percent it is still the lowest rate among the four largest Canadian metropolitan cities. It remains to be seen whether office vacancies will continue to rise (despite a rapid vaccine rollout), due to the popularity of office downsizing.

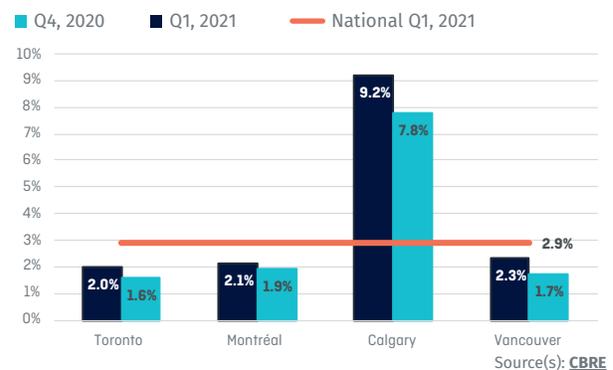
Looking for more data?

Refer to our Economic Snapshot for the latest data sets, rankings and economic metrics.

[Go to Snapshot](#)

More industrial land: needed to ease widening supply–demand imbalance

Industrial Vacancy Rate



The industrial availability in Metro Vancouver dropped 0.6 percent from Q4 2020 to 1.7 percent in Q1 2021, remaining one of the tightest markets in North America. Meanwhile, increasing demand for limited space drove up the average lease rate to a record high \$14 per square foot in Q1 2021 – the highest lease rate across the country. This restricted supply is a serious issue adversely impacting both new and existing businesses.

Life Sciences

The COVID-19 pandemic highlighted the significance of Vancouver's life sciences sector to a global audience

This was evidenced by the explosive growth by AbCellera, which actively contributed to mitigating the COVID-19 crisis with rapid antibody discovery and the release of a Health Canada-approved COVID-19 therapeutic, and Acuitas Therapeutics, whose technology underpins the success of multiple COVID-19 vaccines. These successes build on our region's history of supporting globally impactful life sciences organizations, including Zymeworks (experts at developing protein therapeutics for the treatment of cancer and autoimmune and inflammatory diseases) and Stemcell Technologies (specialists in the creation of cell culture media).

BC is also home to several federally and provincially funded research institutions considered world-class in their respective fields, including the BC Cancer Agency, Michael Smith Laboratories, TRIUMF and the BC Centre for Excellence in HIV/AIDS.

This industry's ongoing growth in BC is a result of continuous talent development supported by a dynamic post-secondary system that enrolled 22,500 students in life sciences-related academic programs in 2017/18 – a 13% increase over four years (2018-2021). It has also benefitted from the doubling of Canadian venture capital investment in Canada since 2018. The emergence of two significant life sciences hubs within our city – the [AbCellera campus](#), a city block-sized HQ and biotech lab space, and the new \$2 billion [St. Paul's Hospital development](#) creating an 18-acre hospital and health campus – will further enhance the conditions for IP development, commercialization, and the thriving of new startups and scaleups.

2,000+
Life sciences
companies in BC

18,000+
jobs in BC in 2020
↑ +5.9% since 2018

\$2B+
market capital
raised in 2020 in BC

22,500
students enrolled
(2017-2018)



“B.C. is worthy of exceptional life science investment because we are a place of outstanding science and talent.”

Ali Ardakani, Founder of Novateur Ventures, writing for **[Business in Vancouver](#)**

Meeting the essential needs of BC’s life sciences sector

Despite these successes, there are outstanding opportunities to ensure the continued growth of this sector. VEC considers it crucially important to address the following five areas. Each need is shared or aligned in some way with those experienced by the broader deep tech innovation ecosystem. We have covered each of these pillars in greater detail in [this dedicated article on our website](#).

1 Create specialized spaces necessary for life sciences

Vancouver’s acute shortage of industrial space presents a challenge to local life sciences companies as they search for places to scale. The industry especially struggles to find or build suitable wet labs – a type of specialized laboratory designed to handle various types of chemicals and potential wet hazards. Actively intensifying, diversifying and expanding industrial space in the region will help solve this issue.

2 Leverage government purchasing and procurement

Governments and health authorities should capitalize on the momentum of recent local-first procurement practices. Smartly leveraged, government purchasing of life sciences products and services – such as vaccines, health tech and pharmaceuticals – helps build economic prosperity and resilience. This would be essential support for the life sciences industry extending beyond its development of products and IP to purchasing these products when appropriate.

3 Provide smarter early-stage funding

Canada is renowned for diverse R&D funding supports by government and academia, and our companies and universities have a high output of quality intellectual property (IP). However, most scientific research and development grants do not support *IP translation* – a critical early-stage process whereby technology or concepts may be explored or “translated” to a product or service.

4 Attract and establish more scale-up capital

Vancouver needs to increase the volume of growth equity funds committed to scaling early-stage companies. This could be done by attracting more global and pan-Canadian institutional investors, and by establishing local investors who have the capabilities, confidence, and willingness to invest in and provide long-term support to early-stage companies. There is also a role for strategic non-private equity (government-backed) funding.

5 Attract high-impact companies to Vancouver

VEC continually works with investors, multinationals and startups looking to set up and expand their presence in our city. In alignment with our partners at Life Sciences BC, Invest in Canada, and the provincial government, VEC aims to attract more globally renowned life sciences companies to our city to build on the region’s life sciences specializations while facilitating the exchange of ideas and talent.

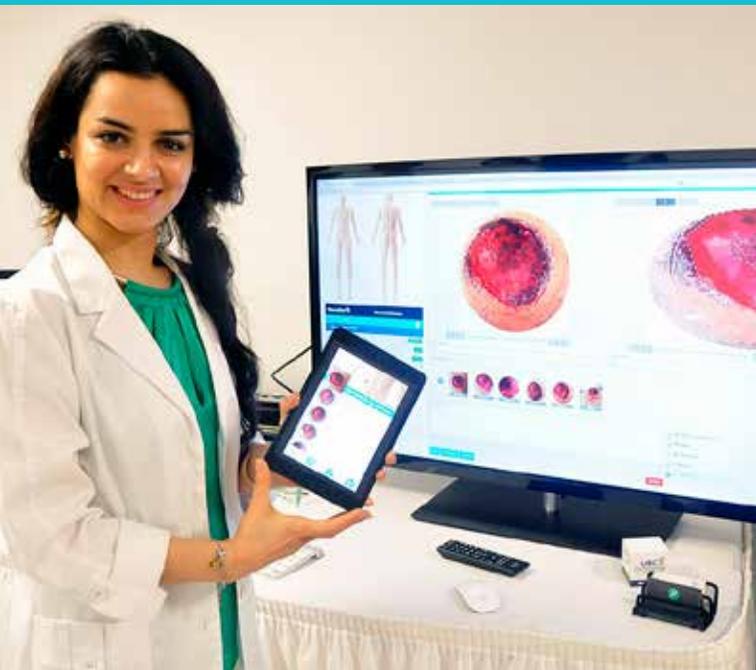


Photo: [Simon Fraser University](#)

Vancouver Spotlight

MetaOptima Technology Inc. is a fast-growing life science company headquartered in Vancouver. Since its founding in 2012, the company has provided health tech solutions aiding in the rapid diagnosis and prevention of skin cancers. Their intelligent dermatology technologies leverage machine learning to aid in diagnoses, and MetaOptima's tech has been used on more than one million patients worldwide.

Learn more about MetaOptima:
[MetaOptima News](#) | [@MetaOptima](#)

Featured in BC Business:
[The Innovators: MetaOptima Technology brings its skin cancer-fighting AI home](#)

Specialisations

British Columbia

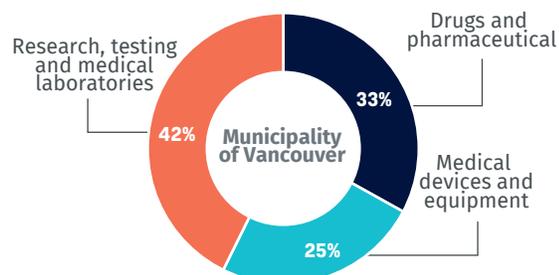
- Lipid Nanoparticles
- Antibodies
- Genomics
- Oncology
- Precision Medicine
- Vaccine R&D
- Medtech/Medical Devices Design

Metro Vancouver

- Biotech
- Digital Health
- Genomics
- Oncology
- Pharmaceuticals
- Precision Medicine

Life Sciences in Vancouver

There is a fairly balanced breakdown of life sciences activities (by business location count) in the municipality of Vancouver.



Source(s): VEC analysis; Business Register, Statistics Canada

Further Reading

For a deeper dive, browse these recent reports:

- **GVBOT / Life Sciences BC:**
[BC Life Sciences Update 2021: Building on a foundation of innovation](#)
- **Province of BC:**
[Life Sciences in British Columbia: Sector Profile](#)
- **BIV / Life Sciences BC**
[Life Sciences 2020: Innovation in Motion A New Era](#)
- **Destination Canada**
[Life Sciences Sector Profile 2021](#)
- **Avision Young**
[Canada's Life Sciences Sector](#)



Zero Emissions Buildings

Vancouver has more than 30 years in green buildings expertise

Today, our needs have become more specific as we address the climate emergency. Net-zero emissions buildings are now one of the most necessary pillars for climate action.

Strengthening the green buildings sector presents immense opportunities for regional resilience across diverse sectors.

The demand for new, more efficient processes and products in green buildings includes the creation of local technology and IP, strategic investments into BC's manufacturing infrastructure and supply chains, workforce development, the proliferation of well-paying, sustainable employment opportunities, reducing transportation distances from plant to site, and improving access and affordability of building products in BC.

Related subsectors:

- Prefabricated and modular
- Fuel switching
- Airtightness and insulation
- Contech
- Energy-efficient building products

\$8.35B

value of provincial retrofit economy

+4,400

net FTE jobs for BC retrofits (2019-2039)

\$3.3B

induced demand from BC Energy Step Code for Metro Vancouver (2019-2032)



Climate policy continues to drive innovation, jobs creation and investment in the green building space.

Plans for zero-emissions future hinge on the buildings and construction sector

Vancouver’s **Climate Emergency Action Plan (CEAP)** focuses on reducing carbon pollution from the city’s largest sources – buildings and transportation – which represent nearly all the carbon pollution produced in Vancouver.

The **Zero Emissions Buildings Plan** is a flexible, phased approach to combat and reduce carbon pollution in the city of Vancouver. The plan establishes specific targets and actions to achieve zero emissions in all new buildings by 2030.

The **BC Energy Step Code** is an optional compliance path in the provincial building code that municipal governments may use to incentivize or require a level of energy efficiency in new construction – one that goes above and beyond the requirements of the current BC Building Code. The BC government is now exploring the use of GHG performance standards in the Step Code and may soon grant municipal governments these regulatory powers to achieve net-zero emissions in buildings sooner.



“Green buildings’ is probably a familiar term to many, but here in Vancouver, the idea of a green building has evolved a lot. When we say green today, we’re talking about buildings that are zero emissions, that have low- or carbon-negative materials in them, that are designed with circular components and processes, and that can be resilient in the face of climate change and other shocks and stressors.”

George Benson,
Manager, Economic Transformation (VEC)



Photo: Renderings provided by B Collective Homes and KOR Architecture

Vancouver Spotlight

B Collective Homes is a Passive House design firm that specializes in designing, building and retrofitting net-zero, high-performance custom homes.

BOSS (Building Offsite Sustainable Systems) is a collaborative, open-source and free initiative by B Collective Homes that aims to provide builders across BC a cost-effective recipe on building build zero-carbon homes, targeting Passive House certification, prefab, engineered wood and timber, low-embodied carbon materials and 100% electric and renewable energy.

Learn ways to [make your home eco friendly](#)

Featured in Daily Hive:

[Opinion: New recipe for sustainable construction changes how homes are built in Vancouver](#)

Further Reading

VEC's roadmap to leverage the zero emissions buildings boom

VEC has written at length on zero emissions buildings and green construction, and has compiled numerous resources on this topic:

- The [Competitive Edge Webinar Series](#) – growing your business in the future of construction
- [Green Buildings and Construction Resources](#)
- [Low-carbon resilience in buildings:](#) Must-read resources from Understanding Risk 2020
- [Property Assessed Clean Energy \(PACE\) financing tool](#) for financing green buildings
- [Leveraging the Green Building Boom](#) – Green Buildings Market Forecast

RESEARCH

Green Buildings Market Forecast

Measuring the Impact of the BC Energy Step Code

[Read the Report](#)

EVENT

Competitive Edge Webinar Series

A six-part series on opportunities & trends in the construction industry

[Register today](#)

Traditional Economics Explained

Government Deficit and Debt

“As Canada looks hopefully to a future after the COVID-19 crisis, it is a good time to reflect also on the massive economic experiment [the federal] government has undertaken. Never before has Ottawa spent so much – or borrowed so much – to support workers, businesses, and the broader economy in a recession.”

Michael Smart, “Fiscal policy in the COVID-19 recession: an early assessment,” in Finances of the Nation

Government *deficit* and government *debt* are linked but distinct concepts

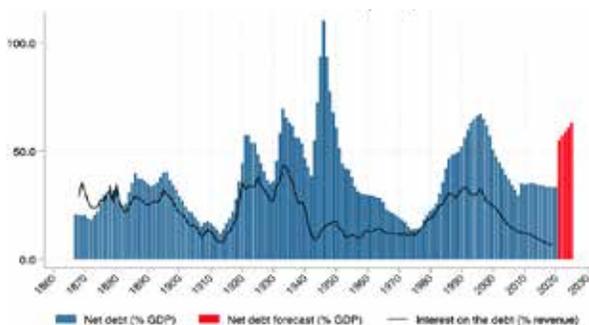
Deficits occur when spending exceeds revenues. For instance, if a government collects \$200 billion in revenues in a particular year, and its expenditures for the same year are \$220 billion, it is running a deficit of \$20 billion.

Contrast this with surpluses, which occur when government revenues exceed expenditures. When expenditures match up with their revenues, that means they are running a balanced budget.

Debt represents the money borrowed from lenders for a variety of reasons, and may include the use of debt instruments like bonds and other securities.

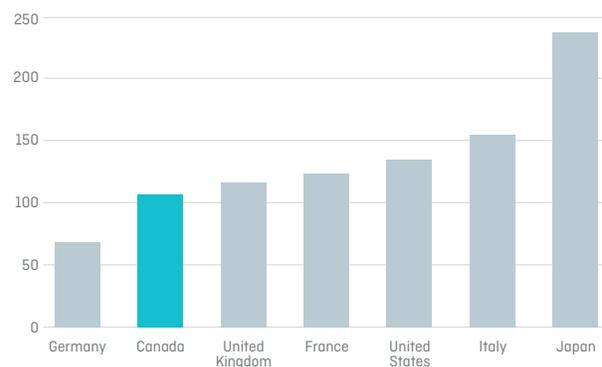
Government debt is also known as public debt, public interest, national debt, and sovereign debt. In short, government debt is the sum of the government’s financial liabilities.

Federal New Debt and Interest Expense 1867-2025
Finances of the Nation



Source(s): financesofnation.ca

Debt to GDP Ratio Among G7 Countries 2019
OECD, General Government Debt



Source(s): [OECD Data](https://oecd.org)

Debt plays a huge role in the way our global economic system runs. Its significance makes it a polarizing topic.

Consider pivoting from discussing the nature of debt as being good or bad. Instead, examine whether debt is intentional or unintentional.

Intentional debt is debt accrued or borrowed with the intent of being leveraged intelligently.

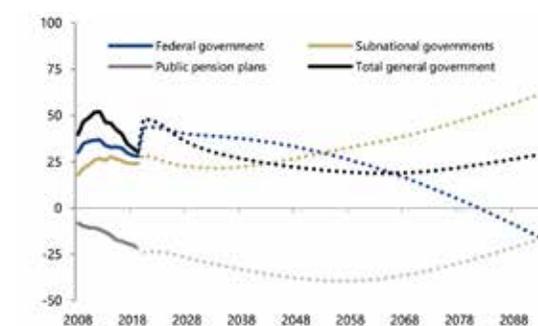
The ability to borrow increases depending on a government's credit rating, which is governed by many factors, including its potential economic output, deficits and debts. Maintaining a healthy credit rating can therefore be useful or even critical in certain scenarios: for instance, being able to respond to or fund critical medical, transportation or emergency relief services or infrastructure in a pandemic or natural disaster.



Canada's government debt repayment trajectory

It is important to note that the federal government may pay down debt as necessary. As seen in the adjoining graph, the biggest area of concern is subnational debt – that of municipal and provincial orders of government. This concern does not apply to the Province of British Columbia, which remains in a strong fiscal position.

Total General Government Net Debt
2020-2094, % of GDP



Source(s): Statistics Canada and Parliamentary Budget Office

Further Reading:

» [Government of British Columbia: Provincial Debt Overview](#)

» [Finances of the Nation](#)

» [The Deficit Myth by Stephanie Kelton](#)

Economic Reconciliation

What is reconciliation?

“**Reconciliation**” refers to the process of nurturing a sustained relationship of mutual respect and understanding with local First Nations and Urban Indigenous communities. As such, reconciliation in action includes acknowledging the enduring harm caused by Canada’s colonial history, and taking the steps needed to redress its legacy of genocide – perpetrated through residential schools and other harmful policies enacted by Canada’s financial, legal and political systems.

What is economic reconciliation?

“**Economic reconciliation**” refers to the economic redress of historical injustices to Indigenous Peoples. These groups include host First Nations and other Indigenous Nations and groups, such as the Métis, Inuit and off-reserve or non-status Urban Indigenous populations. In Vancouver, the term “economic decolonization” has also been used, and may include measures such as returning land to host Nations as a means of economic redress, and the **commitment** to implement the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) in the City of Vancouver.

Economic reconciliation strives to achieve economic balance and equality for Indigenous Peoples to redress the fundamental social, political, and financial harm enacted through systematic disempowerment. It is a key component of reconciliation in action because it addresses the gap between the lived reality of Indigenous Peoples and the significance of the Indigenous relationship to all communities living on the land and to the land itself.

“Economic Reconciliation is not just about our “own source revenue,” it is so much more than that. The foundation of wellbeing is a child/family-centred approach to wellness. It means bringing balance back into our lives, spiritually, mentally, physically, emotionally through healing and forgiveness, acceptance, and grounded in our cultural values.”

Sxwpilemaát Siyám, Chief Leanne Joe (Squamish),
Transformative Storyteller for
Economic Reconciliation



Photo: Mona Woodward, Mark Montgomery photo, VMT



Photo: Emily Crewe, courtesy of the City of Vancouver
[Making Circles: The Chilkat Dancing Blanket](#), hands of Master Weaver Donna Cranmer

“From the Indigenomics perspective, economic reconciliation is defined as the space between the lived realities of Indigenous Peoples, the need to build understanding of the importance of the Indigenous relationship, and the requirement for progressive actions for economic inclusion. It is through economic reconciliation that Indigenous Peoples are creating a seat at the modern economic table.”

Carol Anne Hilton
CEO & Founder, Indigenomics Institute

Dive deeper: Resources to aid in acting on economic reconciliation

» Truth and Reconciliation Commission of Canada: [Calls to Action](#)

» [Centering First Nations Concepts of Wellbeing: Toward a GDP-Alternative Index in British Columbia](#) (an [Executive Summary](#) also available) – Mark Podlasly, for the BC Assembly of First Nations

» [What is Economic Reconciliation](#) – Simon Fraser University (Community Economic Development program)

» [Indigenomics: Taking a Seat at the Economic Table](#) – Carol Anne Hilton

» [B.C.'s Declaration of the Rights of Indigenous Peoples Act](#) (DRIPA)

» [Indigenous Corporate Training Inc.](#)

Organizations leading the way

There are numerous other standout organizations working to build First Nations and Indigenous prosperity. VEC is particularly inspired by the work of several BC-based organizations, including:

» [Raven Indigenous Capital Partners](#)

» [Indigenous LIFT Collective](#)

» [Sage Initiative](#)

» [NationFUND](#)

» [Indigenomics Institute](#)

» [Advanced Business Match](#)

Read our recent article spotlighting economic reconciliation, which features **10 organizations reclaiming Indigenous prosperity**:

[Read the article](#)



Additional Economic Development Reports and Resources

Source	Title
Brookfield Institute	Inclusive Innovation Monitor February 2021
RBC Economics	Provincial Outlook June 2021
DVBIA	State of Downtown 2020
Energy Step Code	Addressing the Cost of Efficiency
Economic Development Winnipeg	Video: What is Economic Development?
Policy Options	A Generational Opportunity to Make Our Cities Better
Swiss Re Institute	The Economics of Climate Change: No Action Not an Option
CVCA	VC & PE Canadian Market Overview Q1, 2021
IBM Institute for Business Value	Global Location Trends: 2020 Special Edition
Environment and Climate Change Canada	Circular North America: Accelerating the Transition to a Thriving and Resilient Low-carbon Economy

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