

2024

CITY OF VICTORIA | Sustainable Planning and Community Development

Future of Victoria's Employment Lands

Key Considerations

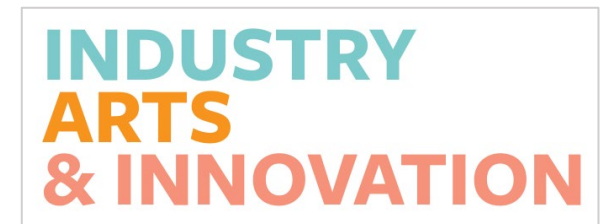
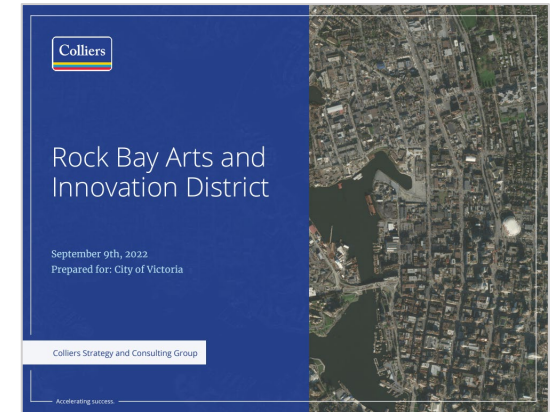
COMMITTEE OF THE WHOLE | APRIL 11, 2024

Purpose

1. Overview of key findings on economic health of Victoria's employment lands (Industrial and Office).
2. Highlight key considerations for emerging land use policy directions and Council decision-making.

Background

- Recent land economic and market studies focus on Victoria's industrial and employment lands:
 - *Rock Bay Industrial Market Conditions and Land Economics Study* (Colliers Consulting – 2022/23).
 - *Employment Lands Analysis* (Urban Systems – 2024).
- Provide insight into current health, potential future demand and role of employment lands.
- Will inform 10-year OCP Update and Industry, Arts and Innovation Action Plan.



Key Findings

Victoria Employment Growth

- 19,000 to 40,000 new jobs projected in Victoria by 2050.
- Primary job growth in professional, scientific and technical services, health care and social assistance, accommodation and food services.
- Business and industrial uses provide over 46% of property tax revenue.



Key Findings

Victoria Employment Land Base

- Only 7% of current land base is designated for primarily employment uses while over 90% is designated for residential uses.
- Risk that limited employment land base may continue to be eroded through redevelopment for non-employment uses such as residential.



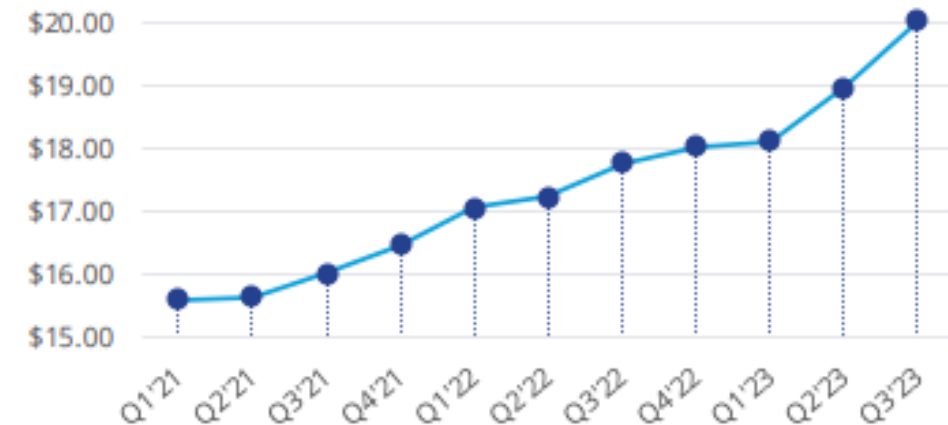
Current Industrial and Employment Designated Land in the OCP

Industrial Market Conditions

- Victoria's industrial land base is generally built out.
- Strong demand forecast due to proximity to downtown, amenities, workforce, transportation systems, and deep-water harbour access.
- Lowest industrial vacancy rate in Canada (remains close to 0%).
- Second highest lease rates in Canada (averages \$20 per sq. ft.).



Victoria Industrial Lease Rates



Office Market Conditions

- Victoria has a 7% overall office vacancy rate (considered ‘relatively healthy’).
- Canadian average post-pandemic office vacancy rate is 19% (some major cities experiencing over 30%).
- Increase trend in workers returning to office environment - in November 2023 only 20% of Canada’s employed labour force worked primarily from home (Statistics Canada).
- Local office market expected to remain stable in 2024 as tenants “right-size” space, with a preference for newer and higher-quality (Class A) office space.

Downtown	7.3%	↑	from 5.6% Q4'22
Suburban	6.4%	↔	from 6.4% Q4'22
Victoria Total	6.9%	↑	from 6.0% Q4'22

Source: Colliers (Q4, 2023 Office Market report)

Office Market Conditions

- Short term forecast expects lower demand for older (Class B and C) office space.
- May result in pressure to convert older office space or redevelop to residential.
- Older office space presents a unique opportunity for light industrial, hi-tech start-ups, makerspaces, artist production studios and other cultural uses.



Other Employment Needs

Arts and Culture

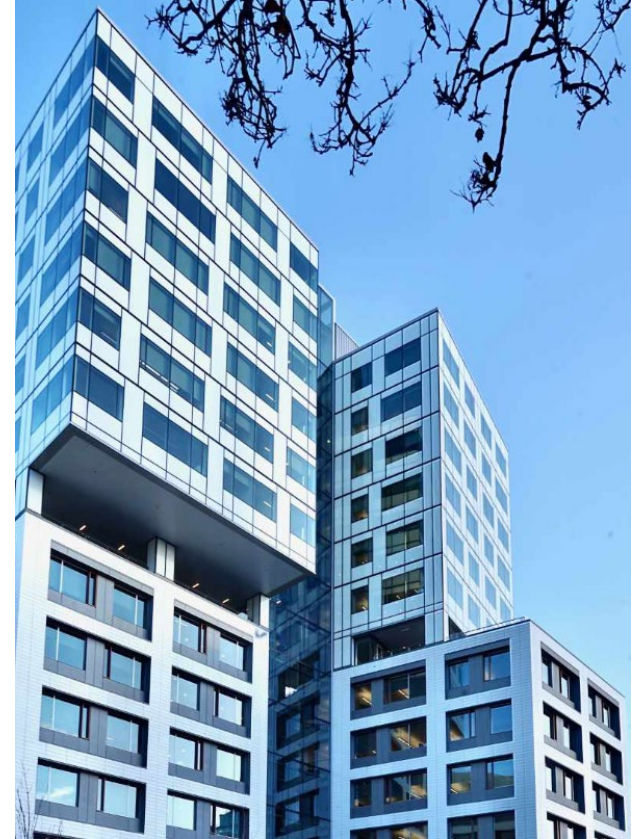
- Professional artists account for 2.3% of Victoria's workforce (twice the national average).
- Cultural workers account for an additional 8.5% of local workforce.
- Existing arts and culture spaces face increasing rents and redevelopment pressures - significant need for stable and affordable spaces including studios, production facilities and events venues.

Tourism Accommodation

- Over 1,400 hotel rooms have been lost since 2003, excluding further loss from recent prohibition of short-term rentals.

Conclusion

- Victoria's employment lands are critical for realizing economic prosperity and sustainability objectives and meeting future employment needs.
- The City is currently studying land use needs to support a vibrant economy well into the future through the updated land use policies and development regulations.
- These findings may also help inform Council's decision-making on land use and development applications.



Credit: D'Ambrosio Architecture
+ Urbanism



Recommendation

That Council receive the findings outlined in this report for information.