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STATE OF DOWNTOWN



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CHARLES GAUTHIER

PRESIDENT & CEO, DVBIA

Through collaboration and key partnerships, the DVBIA is able to do so much of our important work. We truly appreciate those who have worked with us on this report, as well as throughout the year to help recalibrate our programs on a regular basis in the wake of so much uncertainty. I'm proud of the work that the DVBIA team has accomplished under less than ideal circumstances, and I know that they remain committed to keeping our downtown safe, accessible, vibrant, and engaging, both now and post-pandemic.

We believe in the long-term economic and social health of our downtown core, and plan on working together with the City of Vancouver and other stakeholders on economic recovery initiatives that will continue to benefit our member businesses and the downtown Vancouver community at large.

This year's State of Downtown report will be my last, as my upcoming retirement is just a few short weeks away. It has been my privilege to be at the helm of the DVBIA for the past 29 years, and I have no doubt that the team will continue to serve our membership with quality, impactful programming. I look forward to seeing their continued successes in our public spaces and streetscapes, and beyond!



LUCA CITTON

CHAIR, DVBIA / PRESIDENT, BOUGHTON LAW

Our annual State of Downtown report offers an excellent opportunity to reflect on many indicators of downtown's health and prosperity. While last year's report provided an important baseline to assess the impact and recovery efforts post COVID-19, the 2020 State of Downtown report paints a dynamic picture of how our downtown core responded to the many side effects of the pandemic.

From public health to public transit, this report covers a lot of ground. We hope that by breaking down complex data into manageable snapshots, you will gain a deeper and more contextual understanding of downtown's retail and office markets, the tech sector, tourism, and more.

One thing we learned this past year is that even amidst a global crisis, there are opportunities for growth and discovery. Although the first year of our new mandate, which kicked off in April 2020, didn't go exactly as we had originally planned, the DVBIA team was incredibly successful in rapidly changing gears and focusing on our members' top priorities. We look forward to using the insights and findings from the State of Downtown report, as well as other research from our economic development team, to inform future DVBIA programming in a targeted and strategic way.

EXECUTIVE SUMMARY

For many, the changes witnessed in 2020 were defining moments of a generation. Racial justice, the pandemic, Zoom and economic hardship are etched into society's collective consciousness. COVID-19 highlighted the growing disparity between social groups – especially among youth, women, racialized and Indigenous peoples, and vulnerable populations. Sadly, Vancouver's opioid crisis was amplified. More Vancouverites died of illicit drug overdoses than from COVID-19. Throughout these challenging times, downtown's community has been resilience and shown support for local businesses, healthcare workers, and racial justice movements like Black Lives Matter and anti-Asian racism.

The economic impacts of COVID-19 were widespread. All conventions and public events were cancelled. Universities temporarily closed campuses. International travel virtually stopped. Working-from-home shrunk the daytime population, while downtown's notoriously tight office market began to ease as smaller companies re-evaluated their space needs. At least 84 street-level businesses closed.

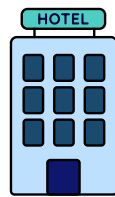
There is hope. Tech played an important role in supporting businesses, keeping people connected and activating public spaces in innovative ways. Businesses adapted to COVID-19 restrictions. The federal government spent over \$150 billion in direct supports to help people and businesses impacted by the pandemic; while support from the BC government and City of Vancouver addressed the housing crisis and supported the tourism and the arts and culture sectors. Widespread vaccinations have begun, and Vancouver's COVID-19 case count was relatively low compared to other major cities. Further, downtown has strong market fundamentals, a diversified economy and a robust destination brand, which will continue to attract businesses, visitors and residents into the future.

Office Vacancy



2.6% 2019 6.6% 2020

Hotel Occupancy



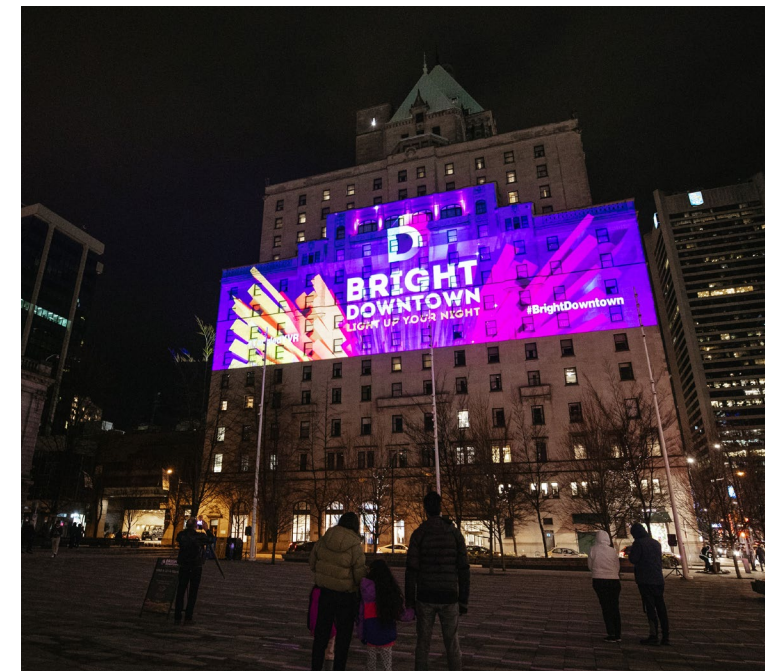
80% 2019 27% 2020

Rental Apartment Vacancy



1.3% 2019 6.3% 2020

Sources: Avison Young, CMHC, Destination BC



DOWNTOWN IS THE SOCIAL AND ECONOMIC HUB OF VANCOUVER

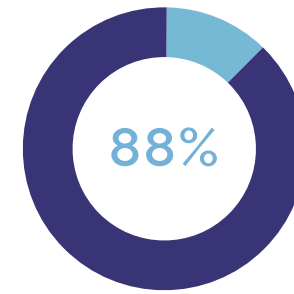
The downtown peninsula is known for its central business district, nightlife, retail, restaurants, events and festivals, and being home to Vancouver's four professional sports teams. The downtown peninsula is the most densely populated area in BC. It consists of two areas: The West End and Downtown.

The West End (2.04 sq. km.) is known for its proximity to English Bay and Stanley Park, and being the traditional neighborhood for Vancouver's LGBTQ2S community. Downtown (3.75 sq. km.) is primarily known for its business and entertainment districts but is also home to a large number of residents who live in high-rises. It includes the neighborhoods of Yaletown, Gastown and Coal Harbour, in addition to the DVBIA's catchment - which is comprised of a central 90-block area.

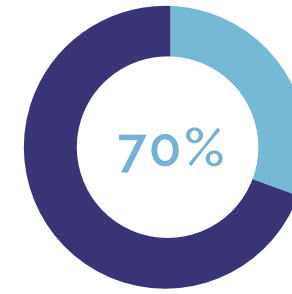


VALUE OF DOWNTOWN

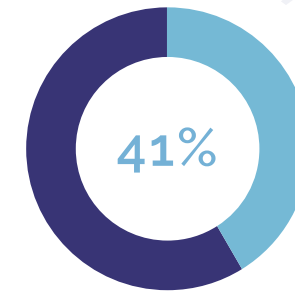
Downtown as a per cent of the City's Total:



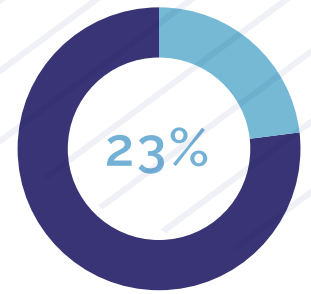
Hotel Rooms



Office Inventory



Jobs



Property Taxes

Although downtown is less than 4% of Vancouver's landmass, it accounts for most of Vancouver's economic activity.

*Calculated using data from Altus, City of Vancouver, Statistics Canada and Tourism Vancouver





JAN 28

First presumptive positive case of COVID-19 in BC.

MAR 16-17

Ban on all events with more than 50 people, and all public schools are temporarily closed.

MAR 20

BC orders the closure of all dine-in restaurants, with takeout and delivery options still allowed.

MAY 19

Phase 2 of the Restart Plan
BC allows all stores, salons, restaurants, and child-care facilities reopen.

JUN 24

Phase 3 of the Restart Plan
BC allows non-essential travel throughout the province.

OCT 21

BC enters its second wave of the pandemic as COVID-19 cases rise dramatically.

NOV 19

Mandatory mask policy for all indoor public spaces.

MAR 12

BC discourages non-essential travel and announces a two-week self-isolation period for anyone arriving internationally into the country.

MAR 18

BC declares a provincial state of emergency.

APR 9-29

Federal government announces support for businesses – Canada Emergency Business Account loan, Canada Emergency Wage Subsidy and Canada Emergency Commercial Rent Assistance.

JUN 1

City of Vancouver launches temporary expedited patio permits to help businesses impacted by COVID-19.

OCT 9

Launch of the BC Small and Medium Sized Business Recovery Grants program.

NOV 7

Social gatherings with people outside households are prohibited and indoor physical activities are limited.

DEC 15

A 64-year-old healthcare worker is the first person in BC to receive a COVID-19 vaccine.



DOWNTOWN ACCOUNTS FOR ~10 PER CENT OF VANCOUVER'S TOTAL POPULATION

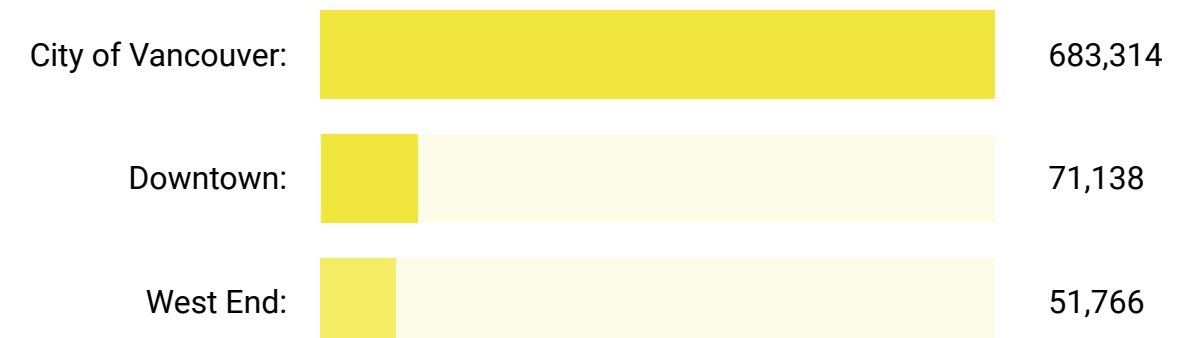
Over 120,000 residents live within the downtown peninsula (e.g., the West End and Downtown). Prior to COVID-19, downtown's estimated five-year population growth rate was three times greater than Vancouver's. At this time, it is challenging to discern the impact of COVID-19 on downtown's population outside the census year. However, it is important to note that international migration drives Metro Vancouver's population growth and immigrants and non-permanent residents make up close to half of downtown's population. COVID-related travel restrictions have consequently limited international migration and slowed Metro Vancouver's population growth.

Downtown's relatively large population can be attributed to a planning philosophy known as "Vancouverism"¹, which is characterized by mixed-use buildings where downtown residents can live, work and play. Vancouver is the only major North American urban centre without a freeway and it is accessible by various modes of public transit. With no highway linking the suburbs to downtown, the City of Vancouver revitalized downtown over decades by increasing its resident population through a "living first" strategy.

PEOPLE

Downtown is home to a dense resident population and welcomes local visitors from across the region. Residents are from diverse backgrounds and tend to work within walking distance. Residents and local visitors reflect the vibrancy of Metro Vancouver.

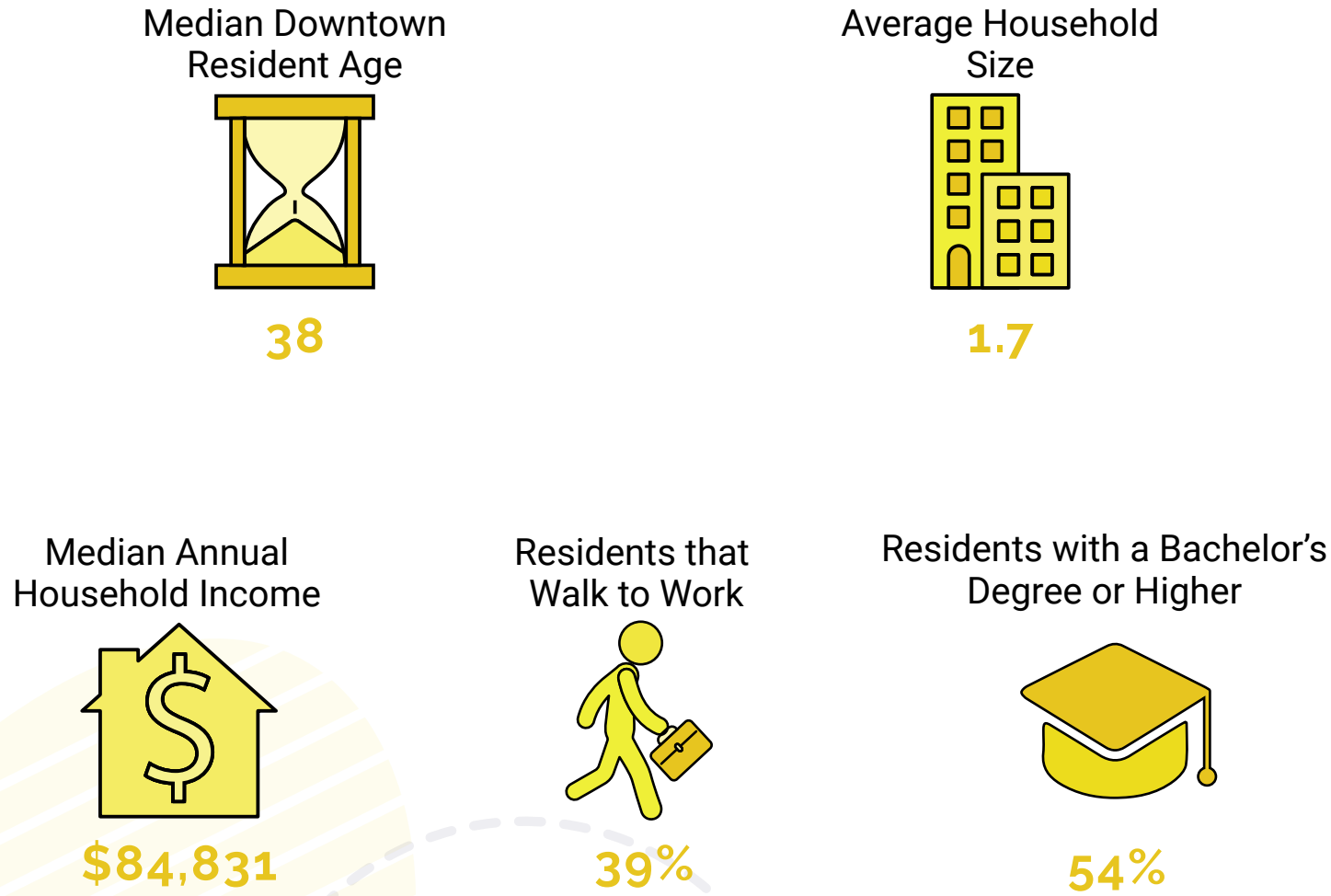
Population



¹ See Larry Beasley's "Vancouverism". On Point Press, 2019.

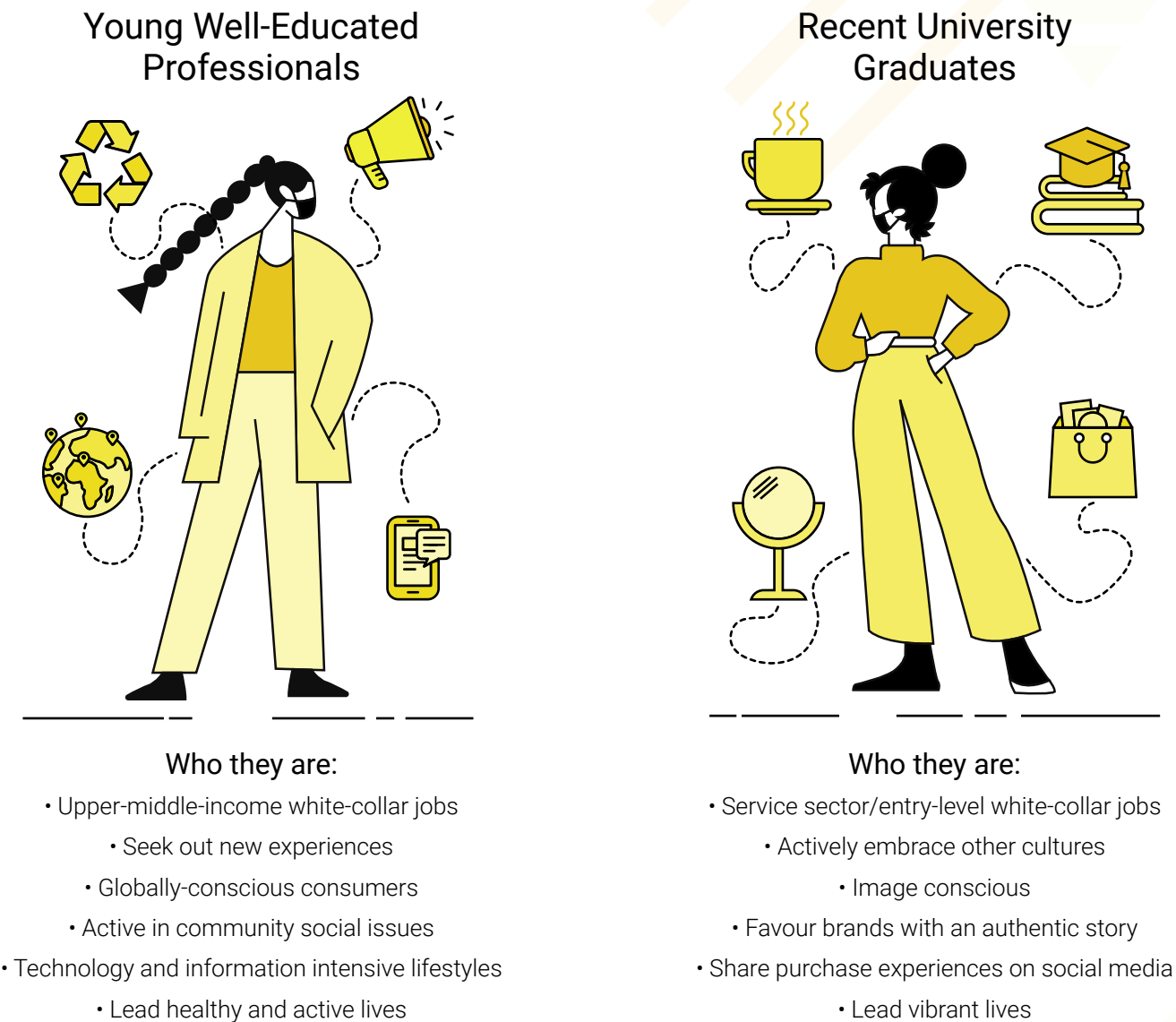
INCOME PER CAPITA OF DOWNTOWN RESIDENTS IS 29% HIGHER THAN VANCOUVER

Downtown is diverse. 41% of downtown residents were born outside of Canada, and almost half of residents identify as racialized. Between 2015 and 2020, downtown's median household income increased by an estimated 23%. Just over half of residents live in one-person households – 11% higher than Vancouver, while over a third of residents live with one other person. The majority of couples do not have children. Most residents (21%) work in professional, scientific, and technical services, followed by health care and social assistance, retail trade, and accommodation and food services. On average, downtown households spend approximately a quarter of their income on shelter, 13% on food, and 9% on clothing, personal care and recreation.



DOWNTOWN RESIDENTS TEND TO BE YOUNG, SINGLE AND DIVERSE

Downtown residents can be segmented into two personas, which represent 95% of downtown households. These generalizations help to provide insights into downtown's population based on commonly shared demographic, lifestyle, and behavioural traits; however, personas are not inclusive of all households. Both segments are relatively young (e.g., under 44), enjoy the excitement of urban life (e.g., bars, restaurants and festivals) and are tech-savvy. Segments mainly differ in terms of income and net worth.



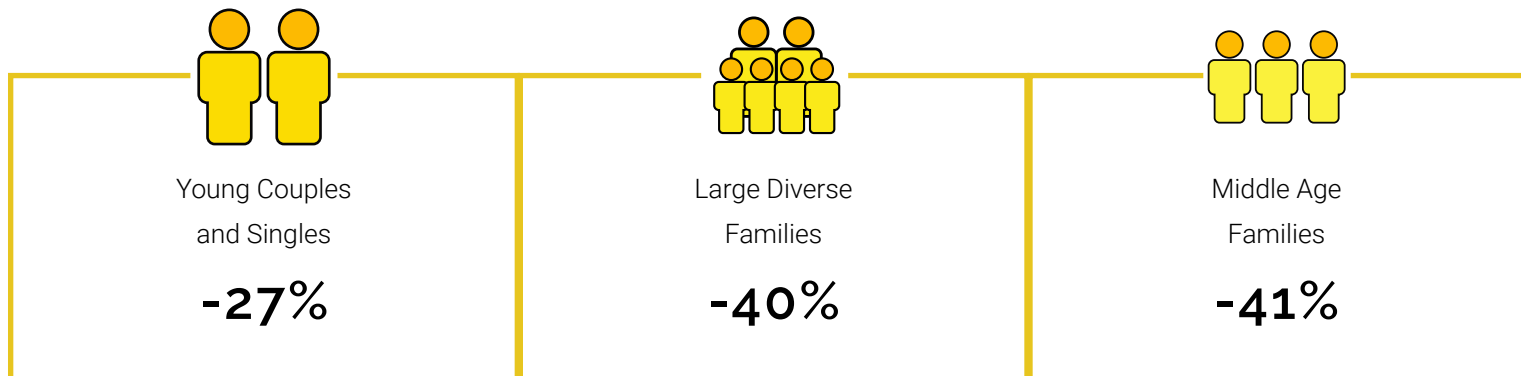
PERCENTAGE OF TOTAL DOWNTOWN VISITS BY DOWNTOWN PENINSULA RESIDENTS GREW

Most visitors to downtown's retail corridors between June and December 2020 (i.e., when in-person dining restrictions were lifted) were singles and couples under the age of 40. This group also saw the least drop in visits (-27%) compared to visits from large, diverse families (-40%) and middle-aged families (-41%). The percentage of total visits to downtown's retail corridors by downtown peninsula residents grew from 11% in 2019 (June-December) to 16% in 2020 for the same period. Although the proportion of downtown peninsula residents who visited retail corridors relative to visitors from elsewhere increased, total visits by downtown peninsula residents decreased by 11% compared to 2019. Visits by Vancouverites decreased by 28%, while visits from Surrey and Burnaby residents decreased by 44% and 45% respectively.

Downtown activities, events and festivals have generally attracted families from around Metro Vancouver, especially during the weekends. Therefore, it is no surprise that family visitations dropped when public health orders restricted all large in-person gatherings.

2019-20 Change in Downtown Visits by Top 3 Visitor Segments

Period: June – December



Source: Environics Analytics



BUSINESS

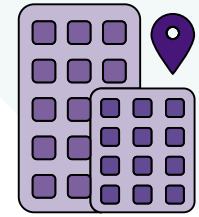
Low corporate tax rates, a diverse economy, a strong destination brand and proximity to Asia-Pacific and the Pacific Northwest make downtown an ideal location to do business. Downtown is home to large corporate companies and many small businesses. The pandemic most impacted retail, food services and tourism. Various incentives and subsidies supported street-level businesses; however, the pandemic continues to impact their operations.

DOWNTOWN'S DAYTIME POPULATION PLUMMETS AS OFFICE WORKERS WORK REMOTELY

Downtown is Vancouver's workforce hub. Between 2001 and 2016, downtown² employment grew by 34%. During that period, professional, scientific, and technical services; restaurants; and retail saw the largest job growth. Approximately 68% of downtown jobs are knowledge-based³, whereas retail, accommodation and foodservices jobs account for over a quarter of downtown's workforce. Prior to COVID-19, around 17% of downtown's workforce lived within the downtown peninsula. It is challenging to discern how many downtown jobs were lost outside the census year, but according to a Statistics Canada custom labour force survey analysis for the Vancouver Economic Commission, approximately 26,600 jobs were lost within the City of Vancouver between February and December 2020.

Downtown's daytime population drastically dropped to as low as 11,600 people and average office occupancy ranged between 10% and 30% depending on the building, day, and COVID-19 case counts. Tech companies and large multi-floor firms had lower occupancy compared to small and mid-size tenants. Most office-based businesses do not anticipate bringing their employees back to the workplace until fall 2021 or later.

Avg. Downtown Office Occupancy



10%-30%

Potential Lost Downtown Office Worker Spend due to Remote Working



~\$325M-\$925M

Each Year⁴



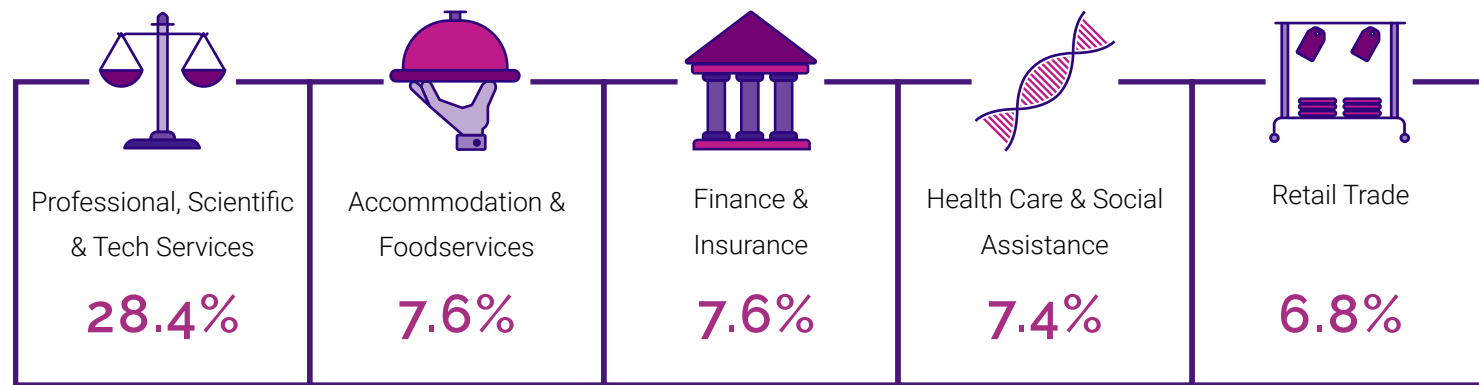
² See the City of Vancouver's [Employment Lands and Economy Review](#) of the Central Business District and Downtown South.
³ NAICS sectors: Information, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific and Technical Services, Management, Health Care and Social Assistance.
⁴ See the Vancouver Economic Commission's [Remote Work, COVID-19 and Downtown Vancouver: Long-term Impacts](#) study.

DOWNTOWN IS HOME TO OVER 13,000 BUSINESSES

Over 95% of downtown businesses are classified as small (under 99 employees). Downtown is also home to a variety of Fortune 500 companies such as Amazon, Microsoft, and Salesforce, and some of BC's largest companies like Teck Resources, Telus, and the Jim Pattison Group.

The number of downtown professional, scientific, and tech services businesses grew from 3,146 in 2018 to 3,332 in 2020, while the number of finance and insurance businesses, accommodation and foodservices businesses shrunk by 4.6% and 3.9%, respectively. Business counts are based on Statistics Canada's December 2020 Business Register for 19 downtown census tracts. The data is primarily compiled from the Canada Revenue Agency's tax records. The drop in finance and insurance businesses is mostly due to fewer registered portfolio management and miscellaneous intermediation companies⁵. The number of retail trade businesses fell by 1.8%. A greater decrease in retail trade businesses was buffered by growth in electronic shopping businesses⁶ (36.6%). The number of health care and social assistance businesses grew by 7.9%.

Top 5 Industries by % of Total Business Counts



⁵ NAICS 52391 - Businesses primarily engaged in acting as principals (except investment bankers, securities dealers, and commodity contracts dealers) in buying or selling of financial contracts
⁶ NAICS 45421 - Non-store retailers that advertise and sell merchandise online.

2018-20 Change in Downtown Businesses by NAICS⁷ Sub-Sector

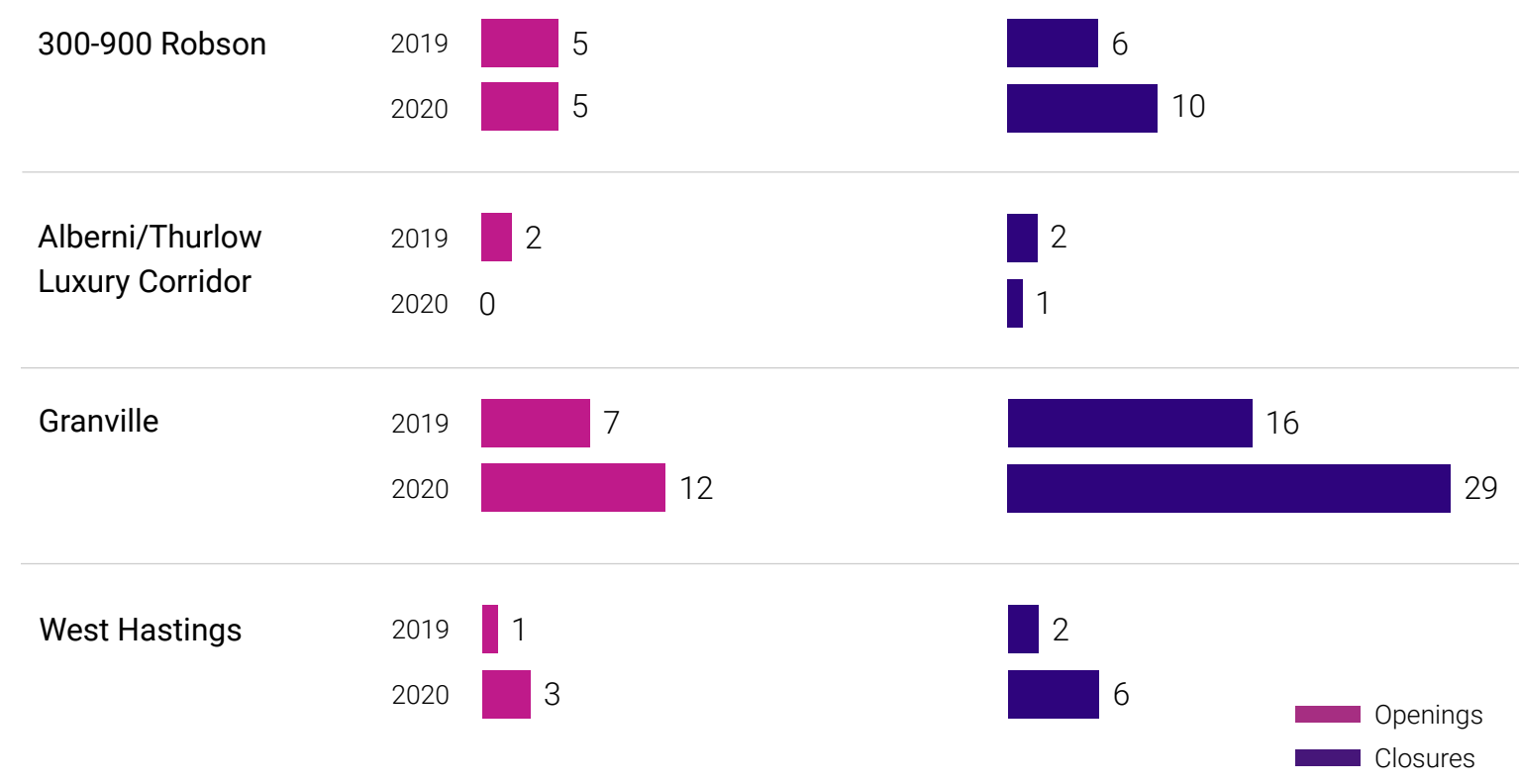


FEDERAL SUBSIDIES AND TEMPORARY PATIOS PROVIDE RELIEF TO STREET-LEVEL BUSINESSES

At least 84 street-level businesses have closed⁸ since early 2020. 45% of closures were independent businesses. Granville Street – a retail corridor, transit hub and home to the entertainment district - was most impacted by business closures. As of Q1 2021, there were 31 vacant storefronts on Granville Street, four of which are currently awaiting or undergoing redevelopment. Despite closures, there were several notable downtown street-level leases including Jollibee – a popular Filipino fast-food chain, at 843 Granville Street; Daiso – a Japanese variety retailer, at 810 Granville Street; Breka – a Vancouver-based bakery chain, at 740 West Hastings Street; North America’s first Tendon Kohaku location – a Singapore tempura eatery chain, at 890 Howe Street; and a Peloton flagship location at 919 Robson Street.

Downtown restaurants were most impacted by the pandemic and account for almost half of total street-level business closures. Restaurants largely benefited from the Canada Emergency Wage Subsidy, the Canada Emergency Rent Subsidy and the City of Vancouver’s temporary patio program. Thirty-nine downtown restaurants were approved for temporary patio permits in 2020. The temporary patios on public and private property allowed businesses to increase customer capacity without compromising physical distancing and health and safety protocols.

Street-Level Business Openings and Closings by Retail Corridor



⁸ Based on an inventory of 10 downtown streets for 2020 and Q1 2021.

Source: DV/BIA



TECH COMPANIES FORM THE BACKBONE OF VANCOUVER'S ECONOMIC RECOVERY

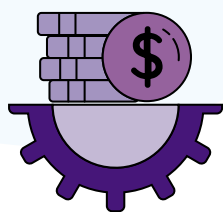
Vancouver tech companies played an important role throughout COVID-19 to keep economies going and people connected. For example, downtown's Medimap designed an online portal that connects patients with same-day access to health care; while Proxxi repurposed its technology to develop a wristband that vibrates when another band is within two meters to help industrial workers maintain social distance and keep job sites open.

According to CBRE, Vancouver ranks first for tech job growth in the top 30 North American markets. Vancouver's tech job growth increased 29% in 2019. COVID-19 mostly muted expansion in 2020; however, in October 2020, Salesforce acquired downtown-based Mobify – known for its e-commerce platform, and in March 2021, Microsoft announced it was expanding its Vancouver footprint, adding 500 new jobs.

Vancouver is one of the best cities in North America for quality of labour against price competitiveness. This is thanks to an increase in tech degree graduates from local universities, welcoming immigration policies, and overall price competitiveness in business expenses compared to the US. CBRE estimates that the average one-year cost (wage and rent obligation) for a typical tech firm that operates in Vancouver is \$39.8 million, 43% less than Seattle.

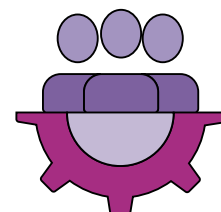
Vancouver companies lead diversity and inclusion initiatives. Since 2019, the Diversity & Inclusion Tech Project has sought to increase the attraction, retention, and advancement of women, racialized and Indigenous peoples, people with disabilities, and individuals who identify as LGBTQ/2S in skilled occupations in the tech sector. Unbounce, headquartered downtown, tripled the number of women in leadership roles between 2016 and 2019 and increased the number of women in technical roles by 53%.

Vancouver Avg. Tech Salary



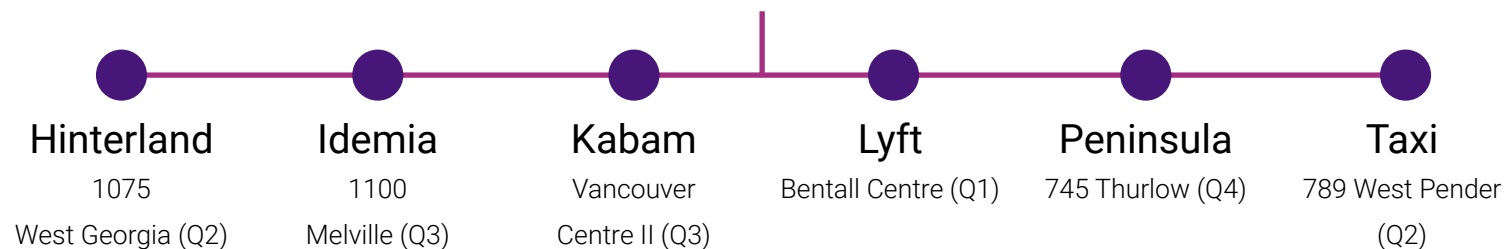
\$81,931

Concentration of Vancouver Tech Workers



81,500
(6.1%)

Notable 2020 Office Space Leases by Tech Companies




Sources: Brookfield Institute, CBRE, HR Tech Group, Techcouver, Unbounce

DOWNTOWN HOME TO SOME OF NORTH AMERICA'S FASTEST-GROWING STARTUPS

Vancouver's startups ecosystem ranks among the top 30 in world. The clustering of downtown startups and Fortune 500 tech companies acts as an employment multiplier and fosters a network effect wherein startups have access to tech-experienced management and institutional knowledge. In 2020, Vancouver Startup Week continued to connect tech entrepreneurs, investors and leaders through a series of virtual events; and Silicon Valley Bank, a US commercial-based bank that provides funding to startups, announced plans to expand to Vancouver.

Vancouver's startup ecosystem was not immune to the impact of COVID-19. In 2020, venture capital investment in Vancouver startups decreased by 30% to \$767 million over 55 deals. Deals were focused on the life sciences and information, communications, and technology sectors. Deals were also concentrated in existing portfolios rather than early-stage ventures. Notably, cross-country investment from the US has remained strong.

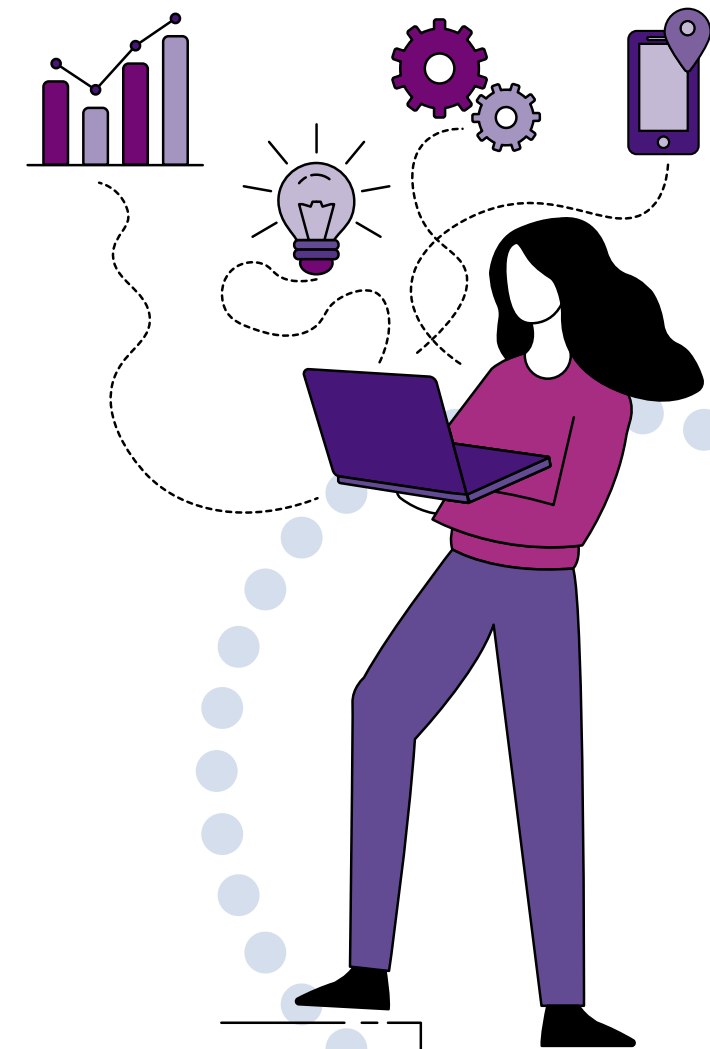
SkyHive, located at 815 W Hastings, raised \$8 million in 2020 and was named one of Canada's most innovative companies. Its AI platform reads an employee's work profile then finds correlation between an employee's skills and skills extracted from jobs to identify optimized career pathways through learning solutions. Three downtown startups were recognized as the fastest-growing North American tech companies in Deloitte's 2020 Fast 500 ranking.



Fastest Growing Startups in DVBCA Catchment*

- #51 Moijo**
(Software)
808 West Hastings - 3608%
- #320 GeoComply**
(Geolocation company)
999 West Hastings - 319%
- #386 Canada Drives**
(Fintech auto-financing)
555 Burrard - 242%

*Deloitte 2020 Fast 500 Ranking



Sources: CVCA, Deloitte, Startup Genome, Techcouver, Vancouver Economic Commission

VANCOUVER'S FILM INDUSTRY RECOVERED QUICKLY AS COVID-19 RESTRICTIONS EASED

BC is North America's third largest motion picture hub and generated over \$3 billion in 2019. Vancouver Film and TV production is led by Netflix and the CW network. In 2019, the collective earnings of City of Vancouver residents employed by film was over \$64 million. Notable film and TV shot downtown include Riverdale, Charmed, The Flash, Deadpool and Sonic 2. A suite of federal and provincial tax incentives and an experienced labour pool attracts production companies. In September 2020, despite the pandemic, Netflix announced it will open a major production studio within Metro Vancouver.

Filming in the City of Vancouver virtually stopped between mid-March and late June due to COVID-19, but quickly rebounded when public health restrictions were eased. Around 40 productions were being filmed in Metro Vancouver prior to the lockdown. By October 2020 over 60 productions were either being filmed or in pre-production. The strong rebound is attributed to BC's relatively low COVID-19 case counts compared to film hubs in Los Angeles and New York. Vancouver's film industry has implemented robust COVID-19 health and safety protocols in addition to testing workers up to three times a week.

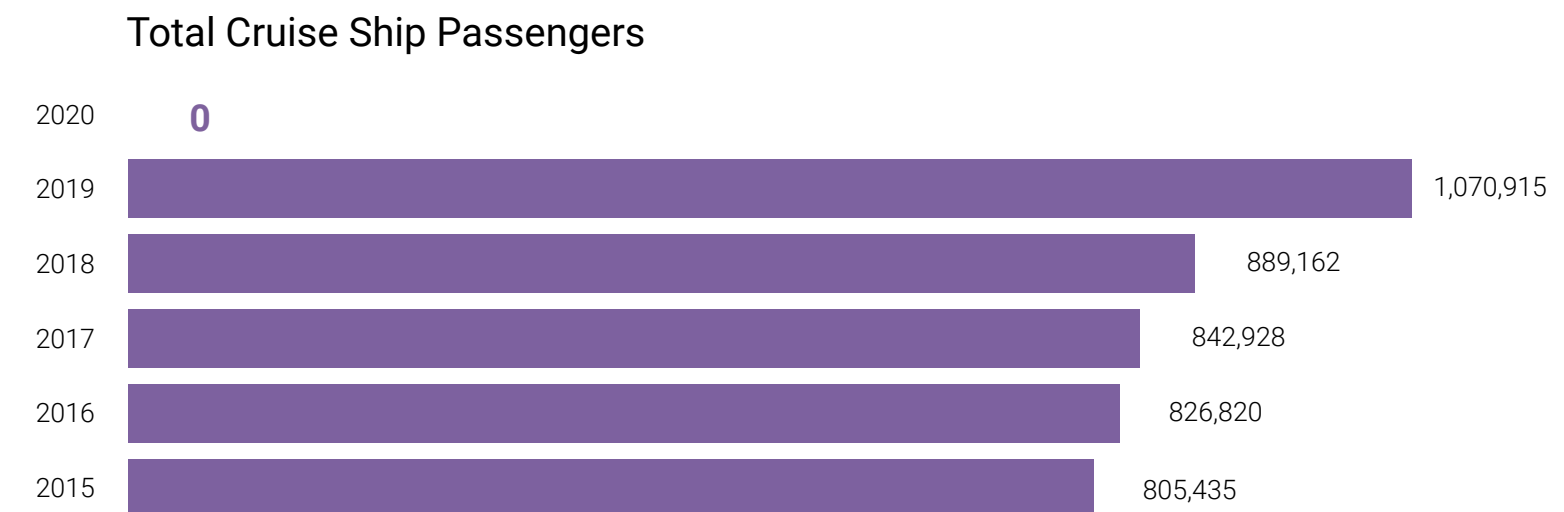
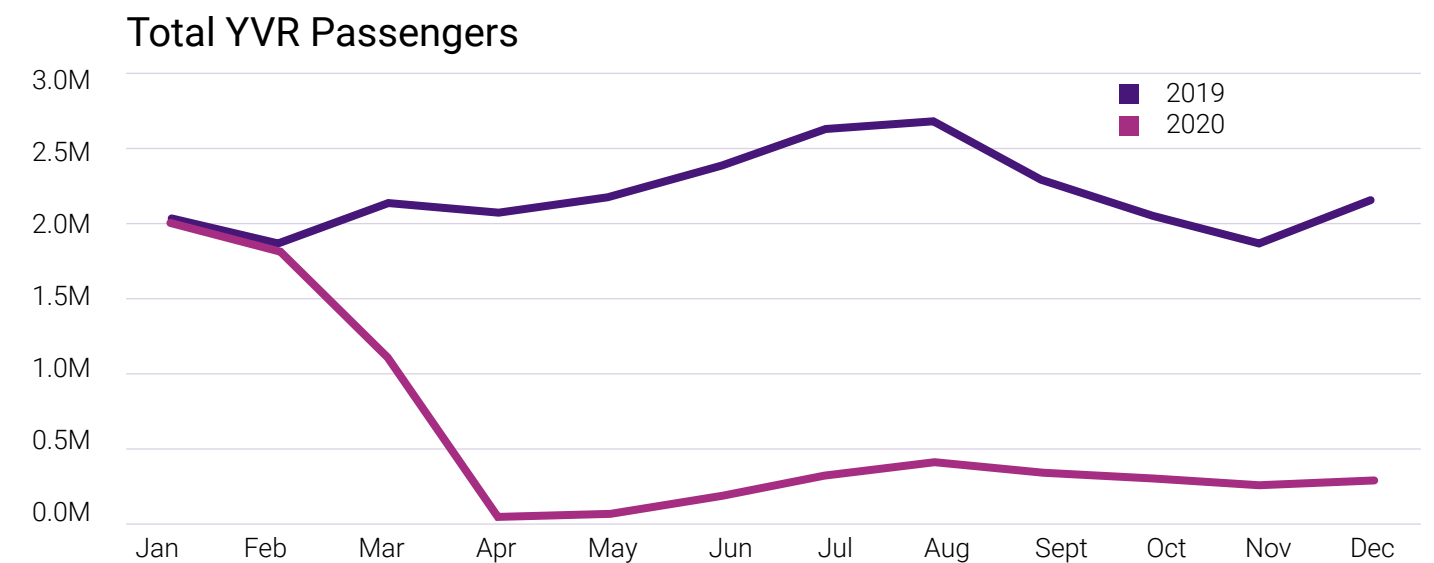


Sources: City of Vancouver, Creative BC, Global News, Vancouver Economic Commission

CANCELLATION OF THE CRUISE SHIP SEASON DEALS BLOW TO DOWNTOWN TOURISM

COVID-19 travel restrictions profoundly impacted the tourism industry. Prior to the pandemic, Metro Vancouver welcomed over 11 million visitors, contributed over \$14 billion to the economy and supported over 104,000 full-time equivalent jobs. Tourism Vancouver estimates a \$9.8 billion decline in visitor spending in 2020 and a loss of over 72,000 full-time equivalent jobs. The cancellation of the 2020 cruise ship season shook downtown's economy. In 2019, downtown's cruise ship terminal welcomed over a million passengers from 288 voyages. It is estimated that on average each cruise ship arrival stimulated \$3 million in direct spending to the local economy.

In December 2020, BC's government launched a \$105 million fund to help the tourism industry. Tourism Vancouver's recovery planning framework monitors a variety of indicators to inform recovery efforts, targeting hyper-local, provincial, national, and overseas tourism when appropriate. Vancouver's tourism industry is expected to recover; granted, it may take years. Historically, Vancouver has a strong destination brand associated with natural beauty, multi-culturalism, and health and wellness, and helps to attract tourism from abroad, in addition to encouraging Canadians to travel locally.



Sources: Port of Vancouver, Tourism Vancouver, YVR

LOW DEMAND FOR DOWNTOWN RENTAL UNITS AS METRO VANCOUVER DETACHED HOME SALES SURGED

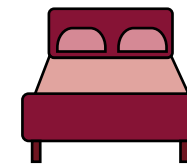
Metro Vancouver detached home sales grew by 30% in 2020 (10,719 units sold) and the Bank of Canada's benchmark mortgage interest rate was the lowest in history (0.25%). The average Metro Vancouver detached home price increased 10% to \$1.5 million. Downtown condo sales were relatively muted in 2020, but rebounded in February 2021 (excluding Coal Harbour, Yaletown, and the West End).

Higher supply and lower demand increased downtown rental vacancies. Downtown renters who worked from home and saw household savings grow may have moved away to seek more living space⁹ and/or purchase a home, while younger people and service workers may have chosen to combine households or relocate to lower-priced housing outside the metro core. A significant slowdown in migration due to closed international borders impacted population growth and consequently rental demand. BC's pandemic response to limit rent increases led to greater competition between landlords and slowed the pace of rent increase for occupied units.

PROPERTY & DEVELOPMENT

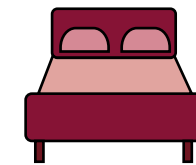
Vancouver consistently ranks among the top 10 most livable cities in the world. Although rental apartment and office vacancies increased, downtown's housing and office markets remain competitive. Prior to COVID-19, downtown had a hotel room shortage due to high demand; however, hotel occupancies drastically dropped due to pandemic-related international travel restrictions.

Avg. Rent for a Vacant One Bedroom



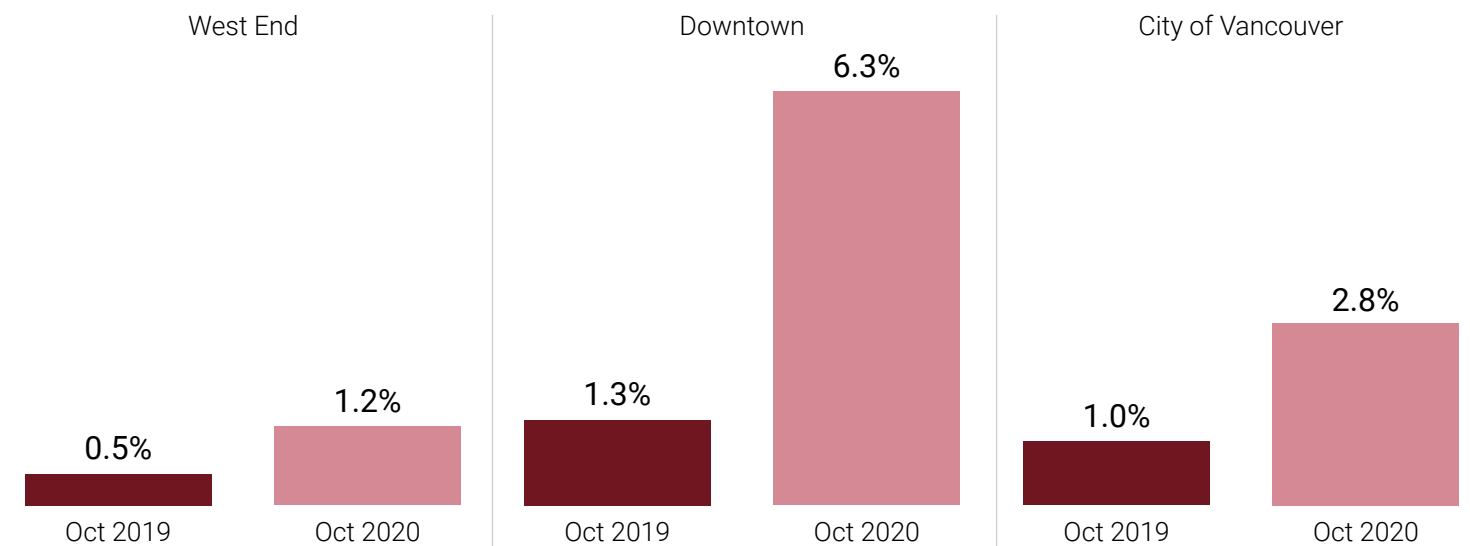
\$2,100

Avg. Rent for a Vacant Two Bedroom



\$3,050

Rental Unit Vacancy Rates by Area



⁹ The average size of a 1-bedroom downtown apartment is 600 square feet.

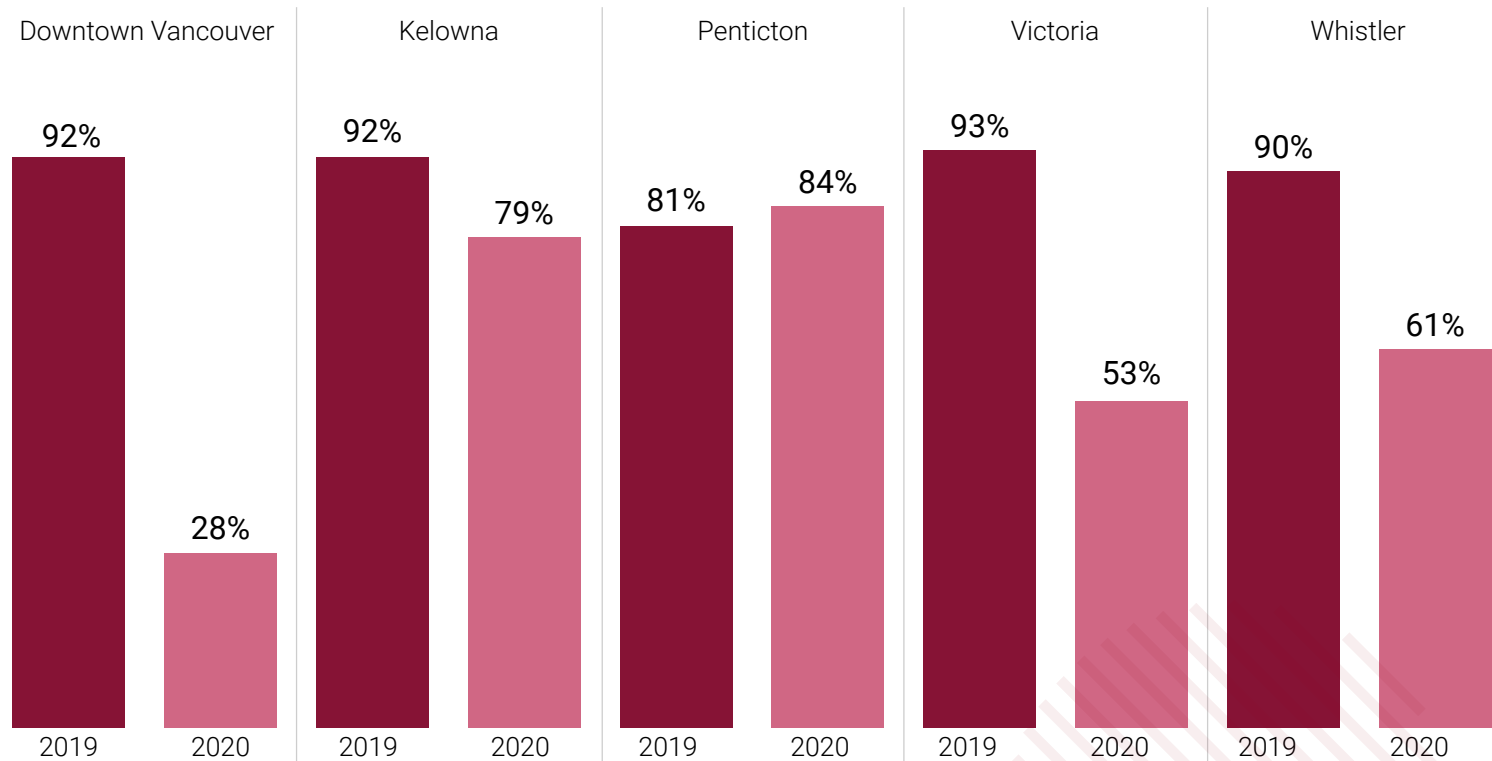
Sources: CMHC, Real Estate Board of Greater Vancouver, Padmapper

DOWNTOWN HOTELS EXPERIENCED RECORD LOW OCCUPANCY, WHILE BC SUMMER DESTINATIONS FARED BETTER

Prior to the pandemic, downtown was experiencing a hotel room shortage due to high demand from tourists and corporate travellers. There are 66 downtown hotels and 12,034 rooms. According to the City of Vancouver’s 2019 Employment Lands and Economy Review, it was expected that demand for additional Vancouver hotel space would be between 0.9 to 4.3 million square feet by 2051. COVID-19 travel restrictions left many downtown hotels virtually empty. Downtown’s average annual hotel occupancy decreased from 80% in 2019 to 27% in 2020. During the peak season (August), downtown hotels’ occupancy was much lower compared to BC’s well-known summer destinations, highlighting domestic tourism was mostly outside downtown and Metro Vancouver in general.

In 2020, three downtown hotels closed permanently. The Four Seasons Hotel Vancouver closed in January – unrelated to the pandemic, after operating for nearly 44 years - and Vancouver’s Trump Hotel closed in August after operating for just over three years. The Howard Johnson Hotel closed in June and was purchased for approximately \$55 million by the BC government to provide supportive housing to Vancouver’s vulnerable populations. In October, the City of Vancouver passed a \$30 million COVID-19 housing action plan and purchased additional distressed hotels, which cumulated in a loss of 598 hotel rooms since March 2020. Of the 598 hotel rooms lost, 326 rooms were transformed into emergency assisted housing – 55% of which are located within the downtown peninsula.

August Hotel Occupancy by Region



Sources: City of Vancouver, Daily Hive, Destination BC, Tourism Vancouver, Vancouver Sun

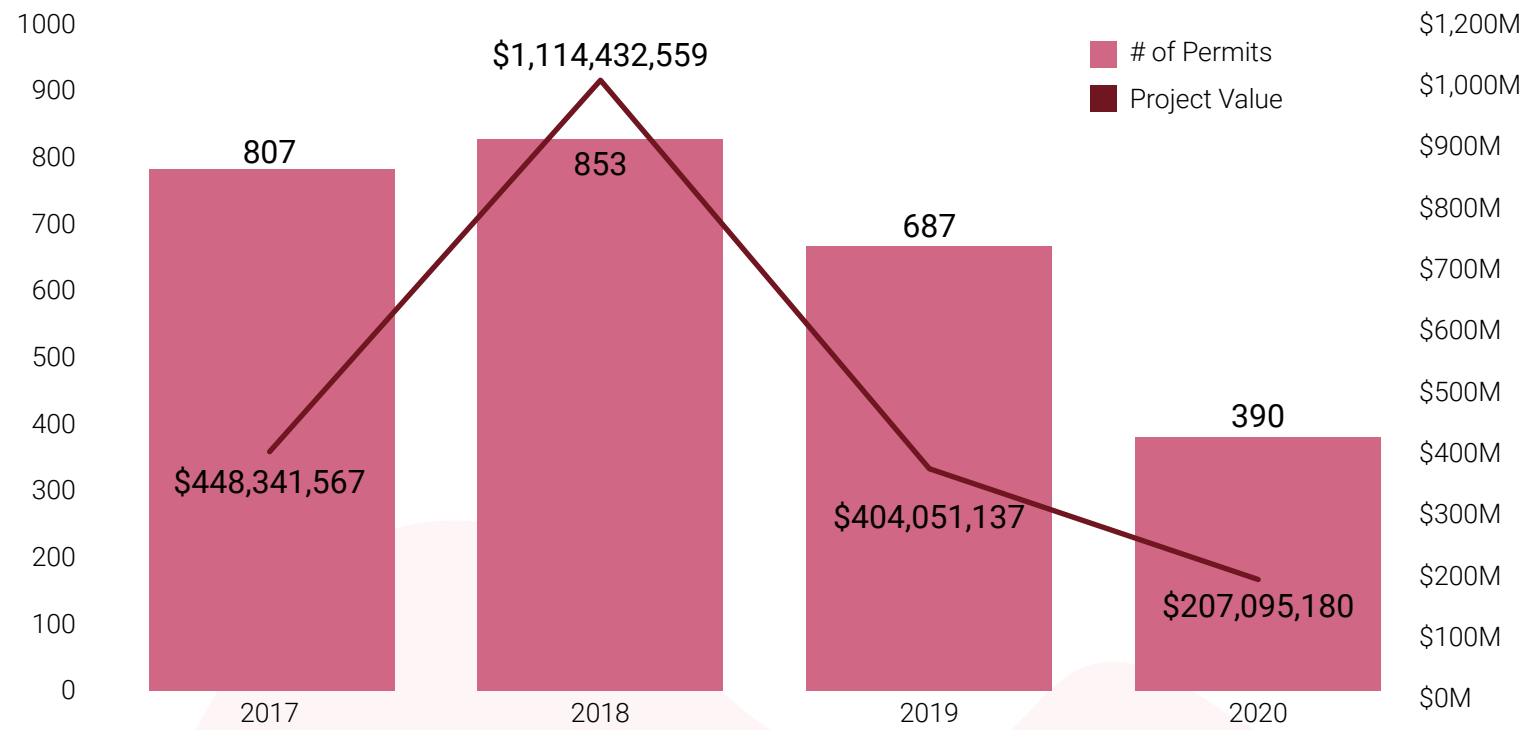


LIMITED DEVELOPMENT CAPACITY AND COVID-19 IMPACT NUMBER OF ISSUED BUILDING PERMITS

390 building permits were issued in the DVBIA's catchment in 2020 – a 43% decrease compared to 2019 and four-year low. The total value of issued permits decreased by 49% to \$207 million. Notably, general office use and retail use permits decreased by 47% and 45% respectively. Most permits were issued in Q1, such as the construction of a new retail pavilion to replace the glass rotunda at Cadillac Fairview's Pacific Centre (\$23.3 million) and the construction of a 12-storey Social Services Centre for Covenant House at 1280 Seymour (\$17.2 million). Several notable permits were issued in Q2 and Q4, including interior and exterior alternations to 855 Granville – the future home of Cineplex's Rec Room (\$9.8 million) and interior tenant improvements for a Toyota Auto Dealership in Burrard Place at 1290 Burrard (\$6.3 million).

Although COVID-19 may have impacted the number of submitted building permit applications, downtown's development capacity for hotel and office space remained limited. Between 2017 and 2018, 19 new building permits were issued in the DVBIA's catchment, including permits for Oxford's the Stack office building at 1133 Melville (\$240 million), Bosa Waterfront Centre at 320 Granville (\$165 million), and the Deloitte Summit Building at 410 W. Georgia (\$108 million).

Issued Building Permits in DVBIA Catchment



Source: City of Vancouver

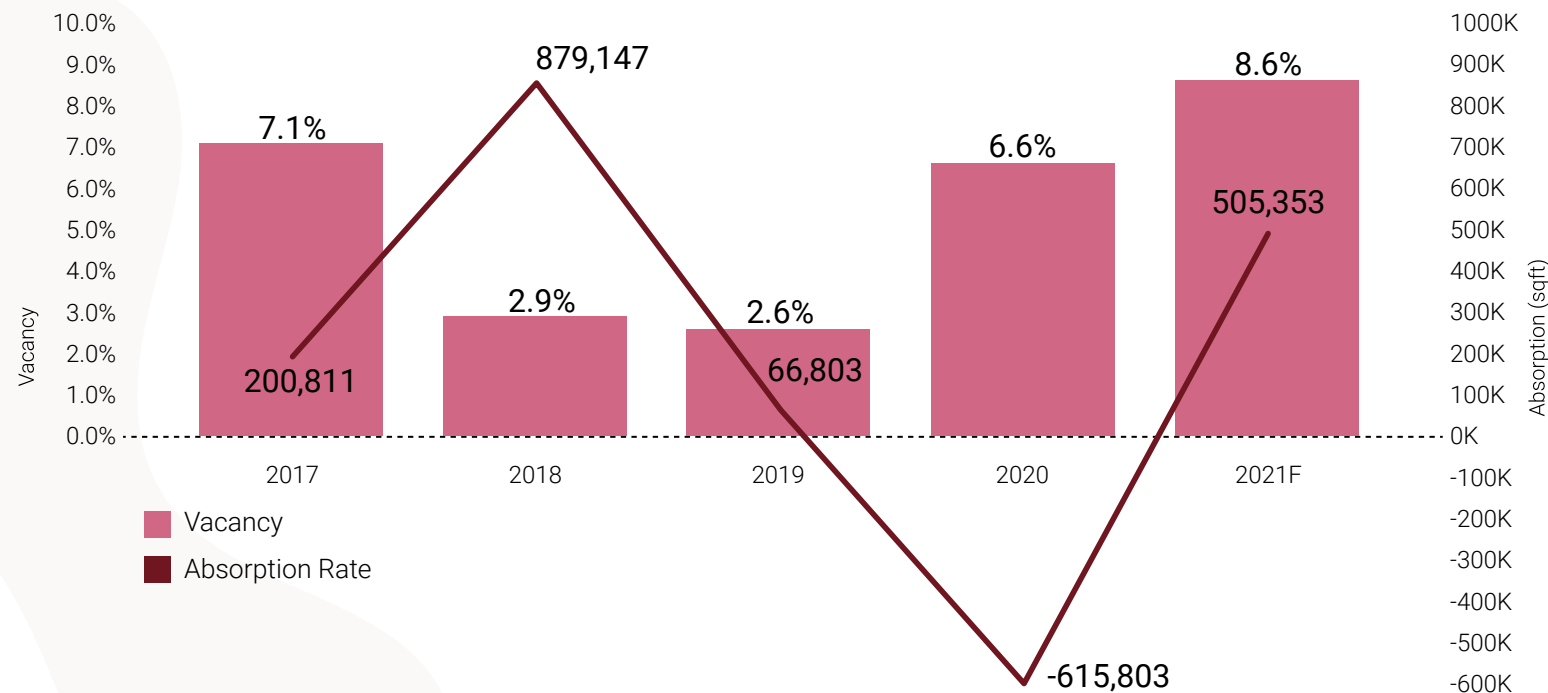


DOWNTOWN OFFICE DEVELOPMENTS CONTINUE UNABATED DESPITE COVID-19

Downtown’s office vacancy rate was 2.6% at year-end 2019 and was restrictively tight. At the end of 2020, downtown vacancy increased to 6.6%, which was still less than what is considered a balanced market. Avison Young reported overall vacancy increased by more than 715,000 square feet in the second half of 2020. The impact of COVID-19 on downtown’s office market was concentrated in class B and C buildings. Vacancy was also highly fragmented and tended to be small spaces less than 5,000 square feet. While head lease and sublease vacancy grew by 152% and 107%, respectively, in class A buildings during the second half of 2020, class AAA head lease vacancy rose only slightly with no accompanying increase in sublease vacancy. Vancouver remained one of Canada’s tightest and most competitive downtown office markets despite the pandemic.

The current development pipeline is active through 2023. Six million square feet of office space is currently under construction and an additional 2.6 million square feet is proposed. Notably, the south and north towers of The Post developed by QuadReal Property Group (349 West Georgia Street & 308 Dunsmuir Street) – scheduled to be delivered in Q3 2022 and Q2 2023, respectively – are fully leased by Amazon. Oxford’s The Stack (1133 Melville Street) – scheduled to be delivered in Q3 2022 – will be Canada’s first high-rise office building to be built to the net-zero carbon emission standard. Downtown is currently home to twenty LEED¹⁰ Platinum certified buildings.

Office Vacancy and Absorption



¹⁰ Leadership in Energy and Environmental Design certification. Platinum is the highest level of certification.

Sources: Avison Young, Canada Green Building Council



BOSA WATERFRONT CENTRE
 320 Granville
 Estimated Completion Date: Q2 2022
 Developer: Bosa Development
 Square Feet: 374,790



THE STACK
 1133 Melville
 Estimated Completion Date: Q3 2022
 Developer: Oxford Properties Group
 Square Feet: 532,000



THE POST
 N. Tower 308 Dunsmuir | S. Tower: 349 W. Georgia
 Estimated Completion Date: Q3 2022 | Q2 2023
 Developer: QuadReal Property Group
 Square Feet: N. Tower: 510,000 / S. Tower: 560,000



DELOITTE SUMMIT BUILDING
 410 W. Georgia
 Estimated Completion Date: Q3 2021
 Developer: Westbank/Allied REIT
 Square Feet: 353,000

URBAN EXPERIENCE

The planning philosophy known as Vancouverism facilitates downtown's vibrancy and combines deep respect for nature with enthusiasm for active streets and dynamic urban life. The pandemic resulted in the cancellation of all in-person events and festivals; however, the arts and culture sector innovated through virtual programming and visual installations. COVID-19 amplified the opioid crisis, and homelessness remains an important issue.

WEST HASTINGS MOST IMPACTED BY DECREASED VISITS

Downtown ranks highly for walkability, public transit, and cycling. Daily downtown errands do not require a car, and there are many convenient locations where residents, workers, and visitors can access various modes of transit. Downtown has a variety of mobility options, including five SkyTrain/Canada Line stations, the terminus of the WestCoast Express, a RapidBus service, ride-hailing services like Uber and Lyft, 47 Modo carshare vehicles, a network of 11 separated bike lanes, and over 65 bike share stations.

Visits to downtown's retail corridors decreased on average by 37% between June and December 2020 compared to the same period last year. West Hastings Street saw the greatest drop in visits (-46%), Granville Street and 300-900 Robson Street visits dropped 37%, while Alberni Street saw the least drop in visits (-26%). Mobility was lowest in April – 70% less than 2019 and plateaued in July after restrictions were lifted and people continued to stay close to home.

Public Transit Score



99

Walk Score



97

Bike Score



82

2019-20 Change in Downtown Mobility



Streets



% Change



Points of Interest

Streets	% Change	Points of Interest
Granville	-37%	CF Pacific Centre Entertainment District Public Transit Hub
West Hastings	-46%	Hotels Lot 19 SFU Harbour Centre
300-900 Robson	-37%	Lululemon Telus Gardens Vancouver Public
Alberni/Thurlow Luxury Corridor	-26%	Black & Blue Restaurant Kobe Japanese Steakhouse Hermes

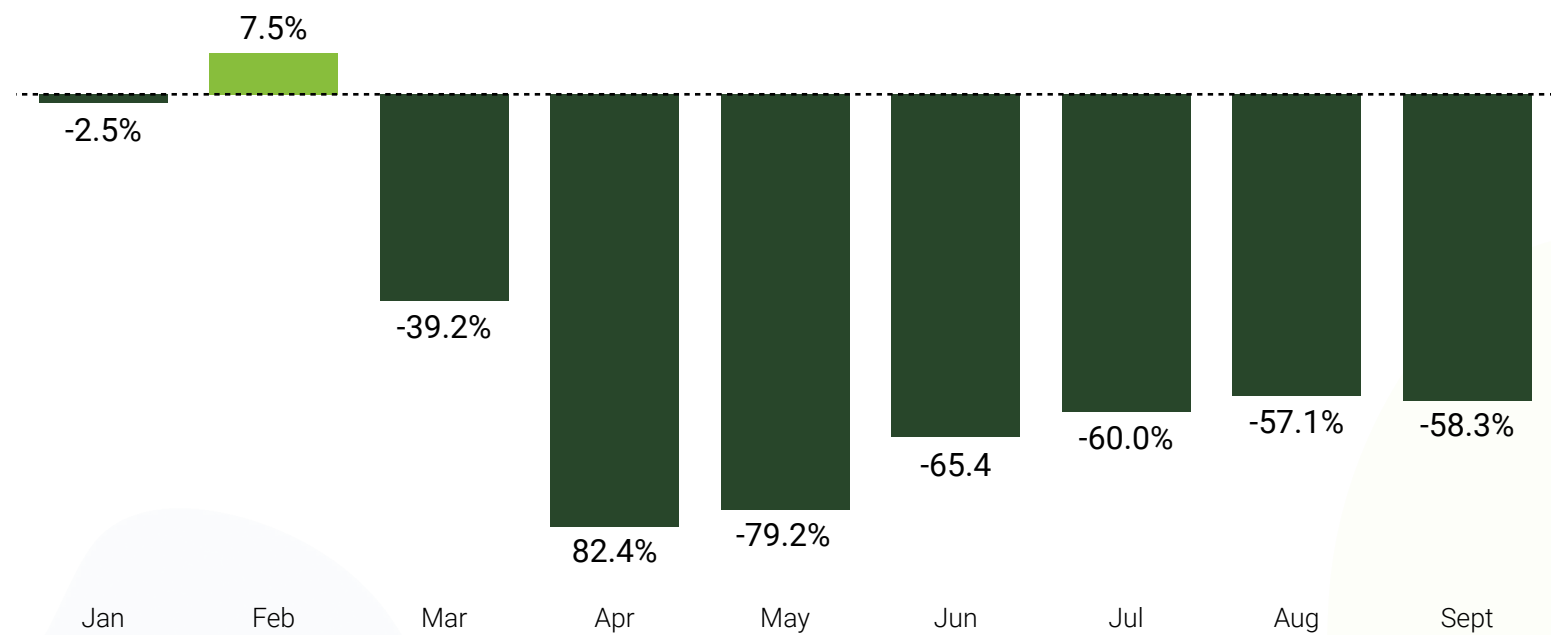
PUBLIC TRANSIT SEES RECORD LOW RIDERSHIP AFTER YEARS OF GROWTH

Prior to the COVID-19 pandemic, TransLink ridership saw record high system-wide boardings for four consecutive years – peaking to 451.4 million boardings in 2019. In 2020, total system-wide boardings dropped approximately 50%. At its lowest in April 2020 boardings were 82% less than April 2019. Ridership began to return in the summer and plateaued in the fall at around 40% of normal levels.

According to the International Association for Public Transport, TransLink ridership experienced a stronger recovery compared to most other North American public transit systems. Nonetheless, the pandemic drastically impacted TransLink's bottom line. In 2021, TransLink will receive \$644 million in emergency funding from the federal and provincial governments. The funding recognises transit is an essential service and will make it possible to maintain safe and reliable services.

TransLink has implemented numerous health and safety measures such as requiring passengers to wear masks, cleaning “pit crews” to disinfect SkyTrain cars at high traffic stations and enhanced daily cleaning schedules. TransLink was also the first public transit system in North America to test the use of anti-microbial copper on high-touch surfaces to better understand and reduce transmission of COVID-19 and other illnesses.

2019-20 Change in Metro Vancouver Systemwide Transit Boardings



Sources: International Association for Public Transport, TransLink



ENROLLMENT AT DOWNTOWN ENGLISH-LANGUAGE TRAINING SCHOOLS DROPPED DRASTICALLY

COVID-19 travel restrictions impacted downtown’s English-language training schools. Notably, Global Village and Inlingua closed – the latter operated downtown for nearly 20 years. English-language training schools play a vital role in facilitating cultural exchanges within downtown, and students and staff tend to visit businesses near campuses. Prior to the pandemic, 70,000 to 100,000 students enrolled in English-language schools in BC – mostly concentrated in Vancouver’s metro core. According to Languages Canada, English-language students in Metro Vancouver contributed over \$500 million a year to the economy. Unlike international students at public post-secondary institutions, most English-language students tend to have a six-month visitor visa rather than a long-term study-work visa. Although the federal government reopened the border to international students with a study-work visa in October 2020, most English-language students were ineligible, and enrollment consequently plummeted.

Number of Downtown English-language Training Schools



37

Pre-COVID: Economic Impact of English Language Students



\$500M

(Metro Vancouver)



Sources: Languages Canada, Statistics Canada

POST-SECONDARY INSTITUTIONS ARE AN IMPORTANT PART OF DOWNTOWN’S ECOSYSTEM

Downtown is home to public post-secondary institutions like BCIT, SFU Vancouver, and UBC Robson Square, and a variety of private learning institutions like Adler University, BrainStation, and the New York Institute of Technology. Post-secondary institutions contribute to downtown’s vibrancy through a variety of public and academic programming and events.

SFU Vancouver has the largest downtown footprint with nine sites and programmed, sponsored, or partnered on many community events. In 2019, SFU Vancouver welcomed over 40,000 attendees to its public events and over 2,000 students to its 55+ program – which supports community connections and lifelong learning among seniors. SFU Vancouver’s Venture Labs offers start-up expertise to participants with innovative business ideas, while the RADIUS program has launched or supported dozens of social enterprises. Prior to COVID-19, UBC Robson Square welcomed over 33,000 guests annually to a variety of programs and events and is home to the UBC Innovation Hub, which connects entrepreneurs, researchers, and their partners to wider networks. BCIT’s downtown campus is home to the state-of-the-art Technology Education and Collaboration (TEC) Hub, an innovative IT learning space.



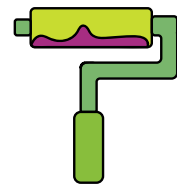
Sources: BCIT, SFU Vancouver, UBC Robson Square

DOWNTOWN PLACEMAKING PROJECTS LEAD RESPONSE TO PANDEMIC

COVID-19 forced placemakers to pivot towards virtual programming, passive activations and visual installations that support physical distancing. The DVBIA's placemaking team continued to support the arts and culture sector and the City of Vancouver responded with efforts in road reallocation initiatives and expanding public spaces downtown.

In mid-April, when BC issued stay-at-home orders, the DVBIA partnered with the Vancouver Mural Festival to launch "Make Art While Apart". The initiative contracted local artists to paint 24 temporary murals on downtown's boarded-up storefronts. As public health restrictions eased, the DVBIA installed hand sanitization stations, in partnership with Fortis BC, in two popular public spaces and introduced custom picnic tables on ʘxʘʘʘʘ Xwtl'e7énk Square¹¹ that allowed people to gather while maintaining a safe distance. The DVBIA also developed a pop-up plaza at Bute and Alberni in collaboration with the City of Vancouver. Lot 19 and ʘxʘʘʘʘ Xwtl'e7énk Square were sites of the City of Vancouver's alcohol consumption in public spaces pilot.

Number of Temporary Murals on Boarded up Storefronts



24



¹¹ The North Plaza of the Vancouver Art Gallery.



DOWNTOWN WELCOMES 4TH TRANSFORMED LANEWAY AND INNOVATIVE ART INSTALLATIONS

Downtown gained a fourth transformed laneway, snékwem lane, between Granville and Pender. The five-storey laneway mural completed by local artists James Harry and Lauren Brevner, tells the modern interpretation of a traditional Squamish story. The story was passed down to Harry by his father, Xwalacktun, and speaks of visitors with supernatural powers who, with the help of snékwem (the sun), led the Squamish people to the village of the salmon people. Snékwem lane adds to downtown's existing transformed laneways – Alley Oop, located near Hastings and Granville; Ackery's Alley, adjacent to the Orpheum theatre; and Canvas Corridor, located in Eihu lane between Alberni and Robson.

Downtown welcomed the Vancouver Mural Festival's (VMF) Winter Arts in February 2021. For two weeks, 17 public spaces within the metro core – nine of which were in the DVBIA's catchment – were transformed into interactive, open-air galleries featuring Augmented Reality (AR) art, viewable by downloading the VMF Mobile App and scanning a QR code using a phone's camera. In March 2021, the DVBIA presented BRIGHT Downtown, a nighttime week-long public outdoor activation digitally projecting artwork and animations onto Fairmont Hotel Vancouver, viewable from šxʷłənəq Xwtl'e7énk Square.



Source: DVBIA

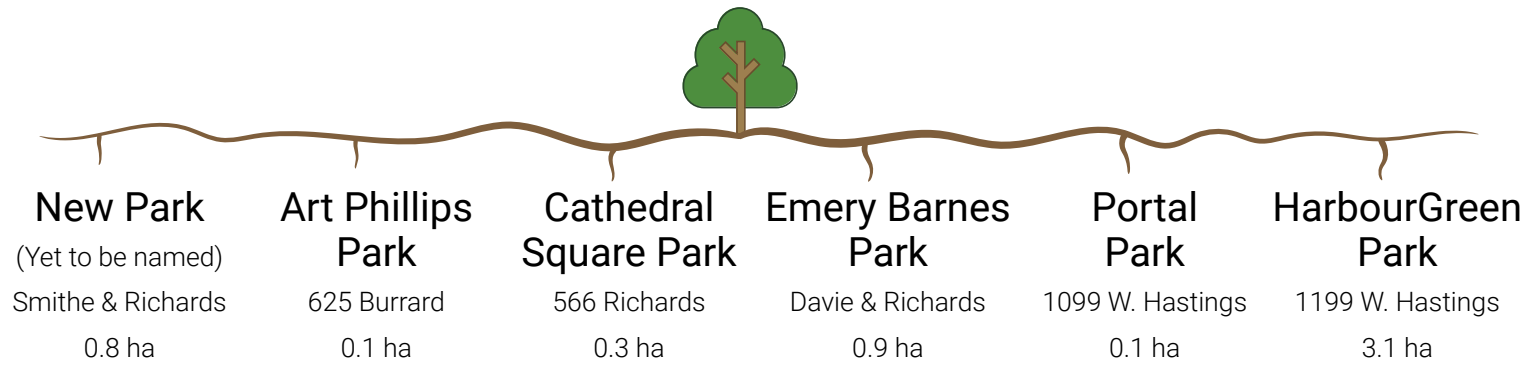


NEW DOWNTOWN PARK WILL OPEN FALL 2021

Vancouver is home to 1,300 hectares of urban parks – approximately 2.0 hectares per 1,000 residents. Stanley Park (404 hectares) is the most notable. Within the downtown peninsula,¹² there are an estimated 3.6 hectares per 1,000 residents. In 2011, Vancouver city council approved the Greenest City 2020 Action plan (GCAP). GCAP outlines ten goals and 15 measurable targets to guide Vancouver toward becoming the world’s greenest city. Since 2010, 139,000 new trees have been planted, and 32 hectares of natural space has been restored or enhanced.

The DVBIA’s catchment is home to six urban parks. In January 2020, construction officially began on a sixth park at Smithe and Richards streets – a former surface parking lot. It will include an event-friendly community plaza, a playground, a small cafe, and an elevated pedestrian bridge. The park is designed by Vancouver architectural firm DIALOG and will be completed by fall of 2021.

Parks in DVBIA Catchment



Artistic Rendering by DIALOG

¹² Defined as the West End and Downtown local area boundaries.

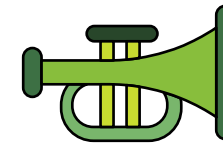
Source: City of Vancouver

DOWNTOWN'S ARTS AND CULTURE SECTOR INNOVATES IN FACE OF UNCERTAINTY

Vancouver has the highest concentration of artists per-capita among major Canadian cities. Prior to COVID-19, the direct economic impact of Metro Vancouver’s music industry was \$690 million. The pandemic significantly impacted the arts and culture sector. According to the Greater Vancouver Professional Theatre Alliance, arts and culture organizations anticipate over \$90 million in losses through lost ticket sales, pre-paid or committed expenses, and additional COVID-19 related costs.

Downtown is home to a variety of arts and cultural spaces, including the Orpheum, the Vancouver Art Gallery, and Cinematheque, and was host to festivals such as PuSh, TAIWANfest, Vancouver Pride, the Vancouver International Jazz Festival, and the Vancouver International Film Festival (VIFF) – all of which cancelled in-person events in 2020. In response to COVID-19, most festivals pivoted their programming. VIFF offered on-demand streaming, while Vancouver Pride offered a variety of online events and a Pride Art Walk. The Vancouver Art Gallery temporarily closed its doors but launched innovative online initiatives like Art Connects and Art at Home, and continued to showcase the work of Indigenous and international artists. In January 2021, the City of Vancouver announced over \$8.4 million in grants to support the recovery of arts and culture.

Pre-COVID-19: Vancouver International Jazz Festival Economic Impact



\$42M **206,882**
downtown attendees

Pre-COVID-19: Vancouver’s Music Industry Economic Impact



\$690M

Anticipated losses of Vancouver Arts & Culture Organizations



\$90M

Impact of COVID-19 on the Vancouver Art Gallery



80% drop in attendance **75%** drop in revenue

Sources: City of Vancouver, Greater Vancouver Professional Theatre Alliance, Music BC, Vancouver Art Gallery, Vancouver International Film Festival, Vancouver Pride, Vancouver Sun

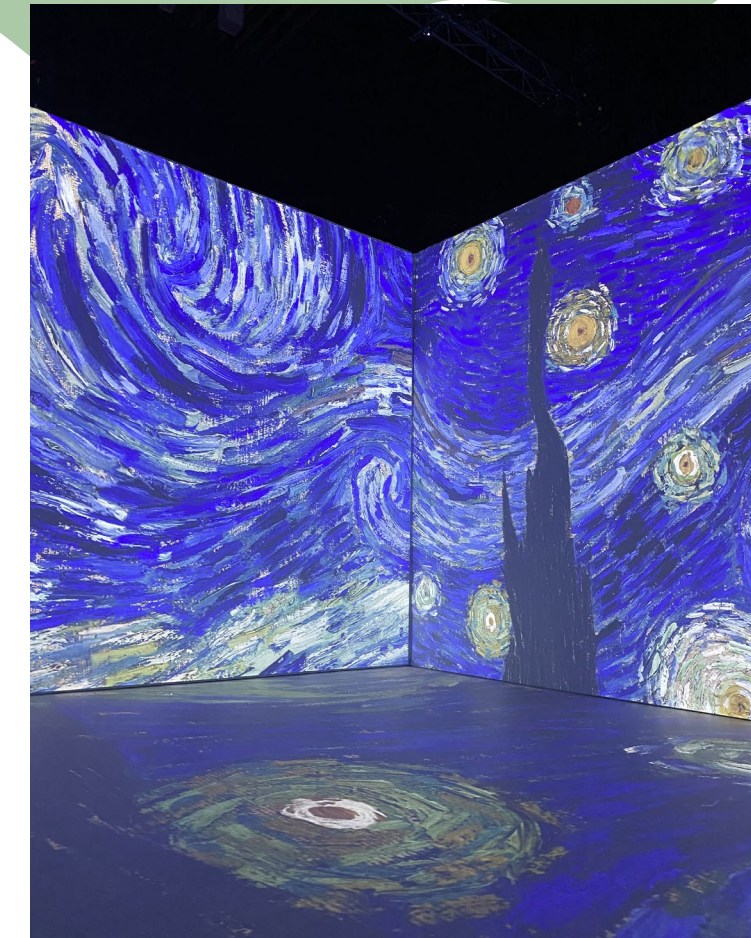
THE VANCOUVER CONVENTION CENTRE PLAYED A VITAL ROLE IN PANDEMIC RESPONSE

COVID-19 had an immeasurable impact on the meetings and events sector. Many workers, small businesses and regional industries rely on the direct and in-direct revenue from downtown events. Prior to the pandemic, the Vancouver Convention Centre hosted over 500 events a year, BC Place welcomed over one million visitors, and the BMO Vancouver Marathon was Canada's largest road race. It is estimated that over 790 events across downtown were cancelled or postponed between March and December 2020.

The Vancouver Convention Centre played a vital role in supporting BC's pandemic response efforts. It hosted BC Centre for Disease Control's COVID-19 Rapid Response Team for contact tracing and relaying test results, acted as a test-processing site and some of the West building's exhibition halls were converted into an Alternate Care Site. The Vancouver Convention Centre was also able to accommodate modified activations including apprentice exams and film shoots, in addition to Imagine Van Gogh – an immersive and contact-less visual art experience with limited capacity timed entries. The projection system lit up a 25,000 square foot area of the convention centre with 200 of Vincent Van Gogh's paintings.

BC Place was also able to pivot and adapt. BC Place hosted several uniquely modified activities including a polling station for BC's Provincial General Election, multiple film and television shoots, several closed-door Whitecaps FC matches, and the virtual CONTACT Winter Music Festival which was broadcast live from BC Place's iconic rooftop.

The Vancouver Convention Centre and BC Place are actively pursuing a number of alternate revenue streams designed to support the community during the immediate recovery period, while also creating a diverse set of opportunities that support downtown's success long term.



Pre-COVID-19: Economic Impact of Vancouver Convention Centre



\$346M

Pre-COVID-19: Economic Impact of BC Place



\$148M



CITY OF VANCOUVER SECURES \$51.5 MILLION IN FEDERAL FUNDING TO ADDRESS HOMELESSNESS

In 2020, 2,095 people identified as homeless in Vancouver: 1,548 individuals were sheltered, and 547 individuals were without shelter. 19% of individuals without shelter were located within the downtown peninsula. The count was prior to the pandemic, and was based on a 24-hour point-in-time snapshot. The results are considered an undercount. Indigenous people represented 39% of people who identified as homeless, even though Indigenous peoples only represent 2% of Vancouver's population. 60% (n=1,089) of surveyed individuals reported challenges with addiction.

Chronic poverty, lack of affordable and safe housing, lack of supports, systemic racism, interpersonal and family issues and system failures contribute to homelessness. There is an urgent need for affordable, safe and stable housing with the appropriate supports and services to support Vancouver's most vulnerable populations.

In October 2020, the federal government committed \$51.5 million to the City of Vancouver to create affordable housing for people experiencing homelessness. The funding will support the construction of modular housing in addition to land acquisition and the conversion of existing buildings to affordable housing. To effectively address Vancouver's homelessness issues, governments, non-profit and private organizations and health care providers must continue to coordinate their efforts.

VANCOUVER ILLICIT DRUG OVERDOSE DEATHS INCREASED DURING COVID-19

BC declared a public health emergency in 2016 due to the rising rates of illicit drug overdose deaths. In 2020, 1,716 people died due to illicit drug use in BC – a 74% increase since 2019. It was the province's deadliest year on record. Fentanyl was detected in more than 80% of drug overdose deaths. The BC government created a safe supply program in March 2020 – permitting doctors to prescribe pharmaceutical alternatives to illicit drugs. The province is seeking approval from the federal government to decriminalize possession of small amounts of illicit drugs, a motion that city council supports.

The pandemic exacerbated Vancouver's opioid crisis by making people fearful of accessing healthcare at the risk of contracting COVID-19, which resulted in more people using alone. Furthermore, travel restrictions disrupted the supply chain of illicit drugs and consequently there was less certainty about the toxicity of drugs circulating on the streets. In 2020, 408 people in Vancouver died of illicit drug overdoses – more than the number of Vancouver COVID-19 deaths (n=260). In October 2020, the City of Vancouver approved the establishment of a downtown overdose prevention site. The site provides people who are addicted to illicit drugs with a safe space to use, as well as access to other social supports.



VISION FOR DOWNTOWN

2020 was a challenging year for major urban centres across the globe. Nonetheless, the DV BIA is optimistic for the future. The pandemic presented opportunities to reimagine a more resilient, dynamic and inclusive downtown. For example, the DV BIA worked with Resonance Consultancy and the local business community to reimagine Granville Street, downtown's cultural and entertainment district. As part of the vision, Granville Street will develop into a coherent and complete main street, connected to surrounding neighbourhoods and in balance with its different uses and heritage. It will welcome more festivals, become a dining destination and Vancouver's first restaurant row, embrace community-building and placemaking, and attract growing innovative and creative companies. We encourage our members and key partners to continue to engage in meaningful dialogue. Together, we will rebuild downtown.

For more information on Granville Street Reimagining, visit dtvan.ca/granville-street-reimagining



RECOMMENDATIONS FOR DOWNTOWN'S ECONOMIC RECOVERY



- Increase supply of rental housing
- Fast-track commercial renovation permits
- Expand hours for construction
- Eliminate liquor licensing radius restrictions
- Advance the Granville Refresh planning initiative
- Enhance level of sanitation downtown
- Expedite approvals for festivals and cultural events
- Create more flexible spaces for outdoor programming



SOURCES

Avison Young
 BC Business
 BC Coroner Services
 BC Pavilion Corporation
 BCIT
 Brookings Institute
 Canada Green Building Council
 Canada Mortgage and Housing Corporation
 Canada Venture Capital and Private Equity Association
 CBRE
 City of Vancouver
 Coastal Jazz and Blues Society
 Creative BC
 Deloitte
 Destination BC
 Environics Analytics
 Esri
 Greater Vancouver Professional Theater Alliance
 Mobi by Shaw Vancouver Bikeshare
 Modo
 Music BC
 Languages Canada
 Padmapper
 Port of Vancouver
 Real Estate Board of Greater Vancouver
 RunVan
 SFU Vancouver
 Startup Genome
 Statistics Canada
 Techcover
 Tourism Vancouver
 TransLink
 UBC Robson Square
 Vancouver Art Gallery
 Vancouver International Film Festival
 Vancouver Coastal Health
 Vancouver Convention Centre
 Vancouver Economic Commission
 Vancouver Pride
 YVR

TECHNICAL NOTES

All data presented in this report is based on the best data at the time of development. The results may differ from estimates produced in other studies. The data was obtained from reliable sources, however, it is not guaranteed by the DVBA or any of its contributing partners.

SPECIAL THANKS

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 Jodie Shebib – City of Vancouver (Film and Special Events)
 Jinny Wu – Vancouver Convention Centre

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The Downtown Vancouver Business Improvement Association (DV BIA) supports, promotes and represents the shared interests of over 7,000 businesses and property owners in the central 90-block area of Vancouver's downtown core.

We focus on priorities voiced by our members: programs and services in the areas of advocacy, accessibility, cleanliness, beautification, business support, marketing and mobility. We represent our members' shared goals, drive creative solutions forward and take meaningful action to constantly improve the downtown Vancouver experience

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