



Shape Your Future Victoria

Economic Trends and Prospects

Definition and Description

Economy means the system of individual and corporate agents and the human, physical, technological and financial resources participating in the production, exchange, distribution and consumption of goods and services in a given area.

Local economic vitality means the ongoing capacity of a community to generate and renew the skills, finances and systems of production, distribution and exchange that enable quality of life and community aspirations.

Economic trends are reasoned conjectures regarding economic directions derived from an analysis of historic information and based on defensible assumptions about future conditions and behaviour.

Why Is This Topic Important?

A strong and diverse local economy that provides employment opportunities, attracts investment, and supports community services and infrastructure, is a foundation of community sustainability. Changes in the local and regional economy influence the rate and nature of land use change, prospects for urban growth or decline, the general level of social well-being, and either enable or inhibit the achievement of individual and community aspirations.

Did You Know?

Victoria is the Capital Region's **primary economic centre** with approximately **40 per cent of all jobs**.

In Victoria almost **half of all jobs are directly associated with meeting the day to day needs of residents**. These jobs include all of the people who provide some kind of service primarily to local residents, including people who work in stores, coffees shops, schools, salons, dentist's offices, and municipal offices.

The **economy of Greater Victoria is quite diverse**, with significant jobs in tourism, government, construction, universities, hospitals, technology, and transportation.

Victoria is the **dominant business and government centre in the region**, with **90 per cent** of the specialized finance, real estate, and insurance jobs, and **60 per cent** of the government headquarters jobs.

Provincial **government employment and tourism** combined make up over 25 per cent of the jobs in Victoria.

Approximately **23 per cent of Victorians have low income**, defined as income levels at which families or persons not in economic families spend 20 per cent more than average of their before tax income on food, shelter and clothing.

Issues and Trends

Declining share of regional employment:

- Total employment has been growing but has not kept pace with overall regional employment growth. As a result, Victoria's share of total regional employment has declined from 43 per cent in 2001 to 40 per cent in 2006, a general trend observable across almost all economic sectors. This decline largely reflects the greater supply of land for commercial and industrial development in suburban municipalities. (SEE DECLINING SHARE OF REGIONAL EMPLOYMENT CHART ON REVERSE)

Slow pace of economic growth:

- The pace of new retail, office, and industrial development in Victoria has been slow over the past 10–15 years, reflecting the overall moderate pace of economic growth and the limitations on land availability particularly for new retail and industrial development.

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A full report on economic trends and prospects is available on the City of Victoria's website for the Official Community Plan review at: www.ShapeYourFutureVictoria.ca

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- The slow pace in office growth largely reflects the slow growth in government employment, which represents a large share of office use in the city.
- The slow pace of retail development reflects the generally slow rate of population growth in Victoria and the significant new commercial development in surrounding parts of the region, that has captured a large part of the suburban market for many daily needs and large item purchases.

Low household incomes:

- Victoria's relatively low household incomes when compared to other metropolitan areas and other municipalities in the region, combined with relatively high housing costs, means that many Victorians struggle to meet daily needs. This may also mean that Victoria has lower rates of aggregate demand for goods and services in the local economy when compared to similar cities elsewhere in Canada.

Challenges to traditional economic pillars:

- The relative strength of the Canadian dollar, increased border security measures, and higher fuel costs challenges the tourism sector.
- Although Victoria's population and employment will continue to grow slowly, the city's relative share of regional employment will continue to decline.
- The limited availability of industrial land will constrain growth in industrial employment.
- Limited growth in public sector employment over the near future may undermine Victoria's role as the region's government and business core, without a corresponding effort to attract private sector firms.

Opportunities for the future:

- Growth in the technology sector is a bright spot due to Victoria's high quality of life, and the role of universities and hospitals as contributors to growth in

Declining share of regional employment					
2006 Employment	Capital Regional District		City of Victoria		City Share of Capital Region
	Total Employment	Sector Share	Total Employment	Sector Share	
Total	185,040	100%	74,105	100%	40%
Community-Oriented	88,685	48%	35,225	48%	40%
Government Headquarters	19,014	10%	11,456	15%	60%
Tourism	13,159	7%	8,042	11%	61%
Construction	16,309	9%	3,996	5%	24%
Specialized finance, insurance, real estate	4,203	2%	3,783	5%	90%
Universities and Hospitals	12,097	7%	3,000	4%	25%
High Technology	11,608	6%	2,750	4%	24%
Transportation	5,992	3%	2,053	3%	34%
Wholesale	4,539	2%	1,550	2%	34%
Manufacturing	5,100	3%	1,378	2%	27%
Film and Television	1,800	1%	500	1%	28%
Resource	2,533	1%	373	1%	15%

this sector. Attracting these jobs may require facilitating creation of urban tech/business districts.

- Increased residential development in the city core will support job growth in the people serving retail and service sectors. Land will have to be used more intensively to accommodate both population and job growth.

The City in Action: What We Do Now

The City of Victoria has policies within its Official Community Plan to support economic diversification, and in particular, continued support for a working harbour, and strengthening both the retail sector and office sectors in downtown. The City's investment in infrastructure renewal, and support for new infrastructure such as regional rapid transit, and the ongoing work to revitalize heritage buildings, beautify downtown and enhance quality of life in the city as a whole, are investments in quality of place, part of Victoria's unique economic comparative advantage. The City currently does not have an in house economic development program. The City does however, partially fund the

Greater Victoria Development Agency, which provides three services: Support the Growth of Existing Businesses, Business Retention, and Business Attraction.

Share your thoughts and ideas:

Trends describe an economic future that can change depending on the future direction of municipal policy, programs and investments. The Victoria Sustainability Framework, sets out a vision of Victoria's economy that builds on existing assets, and generates most of its new economic growth through innovation, entrepreneurship and new business formation, while continuing to attract and retain new, sustainable enterprises suited to the region.

- Do the economic trends described match your vision of Victoria's future? Why and why not?
- What would you change to create a more vital economic future?
- How could the City better support work to build a stronger local economy?

WANT TO LEARN MORE?

- Additional topic sheets are available online at www.shapeyourfuturevictoria.ca/research-facts