

The background of the entire page is a photograph of a downtown street. On the left, there are multi-story brick buildings with arched windows. On the right, a modern brick building with large windows is visible. A black street lamp stands in the foreground on the right, and bare tree branches are scattered throughout the scene.

--- DOWNTOWN Victoria ---

2021

**Annual Report
on Downtown**

Introduction

Victoria hosts one of the best mid-sized downtowns in North America. However, our core area was not spared from the immense, disruptive effects of the COVID pandemic. This is the DVBA's Third Annual Report on Downtown. We surveyed our members in 2020 but did not publish the Second Annual Report, as the pre-COVID data collected was not useful once the pandemic hit.

This report paints a fact-based picture of downtown, using quantitative data to measure the economic vitality of downtown. This report reflects our experiences, challenges aspects of the public narrative, shines a light on the impacts of the pandemic, and highlights areas of concern from the business perspective.

In 2019, we published our First Annual DVBA Report on Downtown which established a baseline from which we could track changes — both positive and negative — year over year. One of the principal objectives of this report is to highlight the strengths of our downtown, identify member priorities for areas of improvement, and dispel some of the false narratives that exist.

Do we have challenges downtown? Yes. However, notwithstanding COVID, we have a downtown that is the envy of many. Our businesses, professional services, and festivals and events, along with our natural beauty and cohesive community, will continue to put our downtown on the world stage. Our job at the DVBA is to preserve what is working while mitigating the challenges to make our downtown Victoria even more vibrant, inclusive, and economically resilient for years to come.



Jeff Bray,
Executive Director,
Downtown Victoria
Business Association



Report at a Glance

Top 3 Elements to Improve Downtown Business Environment

emphasis
on clean
downtown

1

increased
police
presence

2

increase in
retail
activations

3

Top 3 Factors Negatively Impacting Businesses



parking availability



safety / security



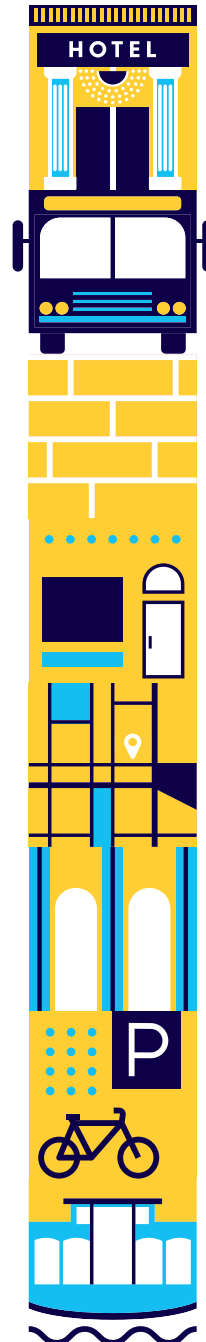
clean downtown

Letter Grade for Victoria as a Place of Business

B, C+, C
52.2%

B+ or
better
31.8%

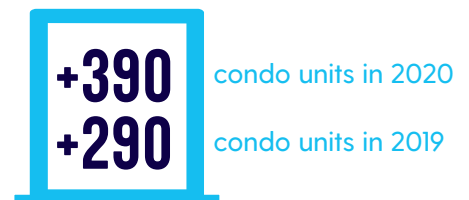
D and F
18.1%



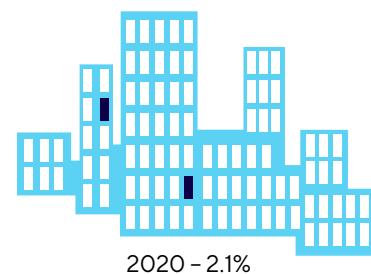
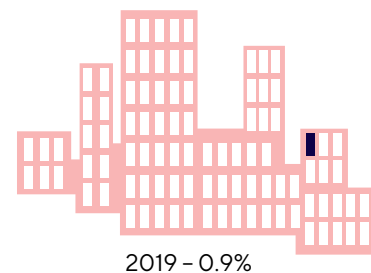
Commercial / Retail Vacancy Rates



Growth in Condo Units



Rental Vacancy Rates





1 The Downtown Economy

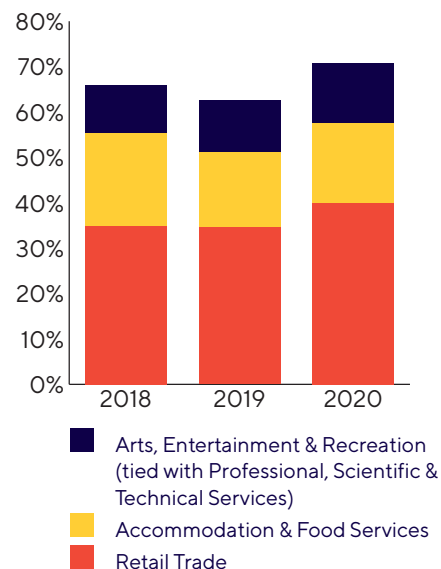


According to the survey results of the last three years, the top three industrial sectors in which downtown Victoria businesses operate are: retail; accommodation & food services; and arts, entertainment, and recreation. While the results have shown some fluctuation in the specific percentages (most likely due to some variation in the makeup of survey respondents), there has been little to no change in the industry composition of downtown Victoria businesses. Supported by strong technology, public, and professional sectors, downtown Victoria's economy is relatively well-diversified.

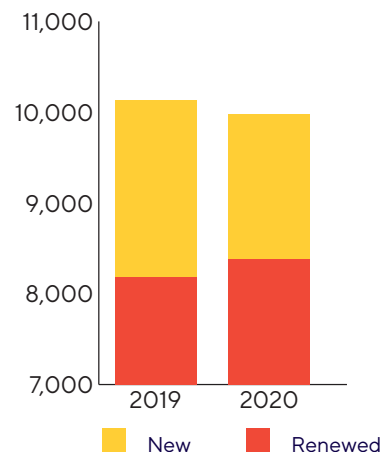
The City of Victoria Business License database indicates that the number of new licenses declined by 18.1% from 2019 to 2020 while the number of renewals increased by 2.4%. It is not surprising to see a small decline (-1.5%) in the overall number of business licenses year over year given the impacts of the global pandemic. On a positive note, it is heartening to see that decline was not drastic and indicates ongoing health in the economy, or at least a belief that a healthy economy will return. (Please note, this data is for the entire City of Victoria, not just the downtown area.)

Despite the instability of the past year, 2020 showed an increase in the number of survey respondents who have been in business under one year and furthermore, downtown Victoria can still boast that over 36% of its businesses have been in business for 20 years or more!

Top 3 sectors

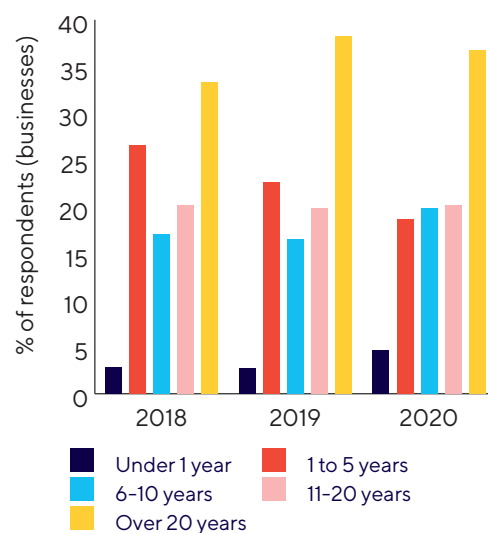


Business Licenses



Source: City of Victoria

Number of years in business:



Downtown Commercial Vacancy Rates:

Retail plays a very important role in the economy of downtown. The sector entered 2020 in a position of strength supported by increasing numbers of downtown residents, a strong year forecast for the tourism sector as well as the continued stability offered by workers from the office sector. Unfortunately, the global pandemic had different plans. By March 2020, it was apparent that retail would not experience another strong year, but would instead be severely impacted by the shift for many to remote working along with the significant limitations applied to the tourism sector. The continued support of downtown residents and a few travellers from near markets was not enough to sustain some businesses and as a result the downtown retail vacancy rate increased from 3.1% in 2019 to 6.4% in 2020. Happily, we are not, at the time of writing this report, seeing a notable number of additional closures.

Nationally, Colliers reports that consumer confidence continues to struggle as the impact of job losses and wage reductions are felt. However, Victoria's reputation as a safe destination and its island location will hopefully lead to an easier and speedier recovery once it is safe to travel and gather once again.

Downtown Building Vacancy		
	Office	Retail
2015	9.5%	8.5%
2016	7.8%	5.5%
2017	7.2%	3.8%
2018	6.4%	4.1%
2019	4.7%	3.1%
2020	7.1%	6.4%

Source: Colliers

According to Colliers, the office vacancy in Greater Victoria remained relatively stable in 2020 (increase of 1.1% over 2019) due to the significant percentage of public sector and technology companies who have been able to sustain large office space leases through the pandemic. In the downtown specifically, the increase was more substantial – 2.4% – due to the comparative volume of office space in the region versus other parts of the city.



Downtown Development

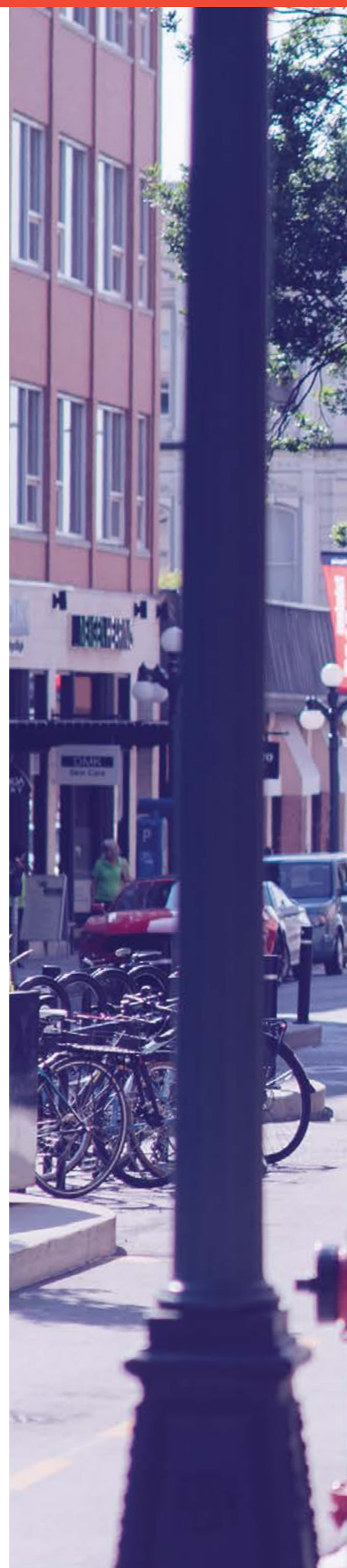
After significant growth in office space in 2018, there were no additions to formal office inventory from 2019–2021. There was some growth in retail space square footage created in that time frame, however it is important to note, that the data includes projects that replaced former retail stock in demolished or refurbished buildings, and is not all “new” space.

Downtown Victoria Large-Scale Development Activity						
	2016	2017	2018	2019	2020	2021*
Condos (# units)	122	162	120	290	390	336
Rentals (# units)	176	171	352	195	90	224
Retail (sq. ft.)	18,690	13,957	39,855	67,252	20,001	53,761
Office (sq. ft.)	0	11,087	278,963	0	0	0

*Completed and expected to complete

Source: Citified Media

On the residential side, downtown Victoria has seen consistently strong growth in the number of condos, as well as rental units, developed in the region. The development and housing community is working to rebalance vacancy rates by addressing the lack of rental inventory, and by replacing aging rental accommodation.





Rental affordability remains a challenge in Victoria. Although the downtown area has seen significant development in the past few years, there has also been substantial demolition and renovations that reduced supply and balanced out the growth. The vacancy rate saw a slight increase in 2020 as the pandemic caused a drop in demand for rental housing. Would-be renters found more affordable housing solutions away from the city centre, or by combining households.



Rental Market Data Based on a 1BR Unit

	Vacancy %	# Units	Rent
2017	0.7	13,890	\$988
2018	1.2	14,214	\$1,076
2019	0.9	14,361	\$1,127
2020	2.1	15,126	\$1,185

Source: CMHC

2

DVBA Membership Survey - Key Results



Who are the owners and operators of the businesses that comprise downtown Victoria?

According to our survey...

- 85%** contribute financially to support community organizations with **16%** contributing \$5,000 or more annually as cash or in-kind donations and **15%** of downtown businesses contributing volunteer time or board leadership, independent of financial contributions.
- 82%** are leasing their location
- 61%** are residents of the City of Victoria
- 36.3%** have been in business for 20 years or more
- 54.5%** identify as female
- 42%** identify as male
- 9.4%** identify as LGBTQ2S+

Diversity

The most successful downtowns are both diverse and inclusive, where everyone can see themselves reflected in the shops, restaurants, services, offices, festivals, and residences of the neighbourhood. A diverse downtown is more resilient, offering a richer experience for visitors, and a range of options for locals. With different skills, experiences, and perspectives, both workplaces and communities find better solutions to problems, harnessing the innovation and spirit of the people within.

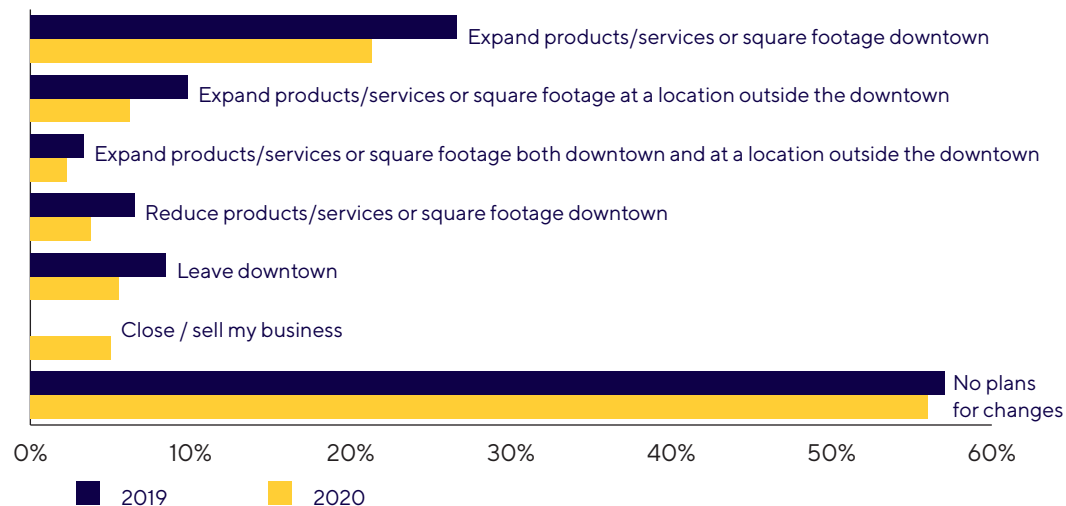
In this year's survey, the DVBA asked businesses select questions to help quantify the diversity in our downtown business community. These questions concerned some members, who were wary of responding about their gender, ethnicity, etc. Our goal was to gain a better understanding of the diversity amongst those who own/manage businesses downtown. To do so, we used similar data collection tools employed by other organizations such as Statistics Canada. As with other survey questions, this established baseline will allow the DVBA speak to changes that may occur in the future and ensure we advocate as best we can on behalf of the entire membership.

“Diversity invites me to the party; inclusivity invites me to dance” - Verna Myers.



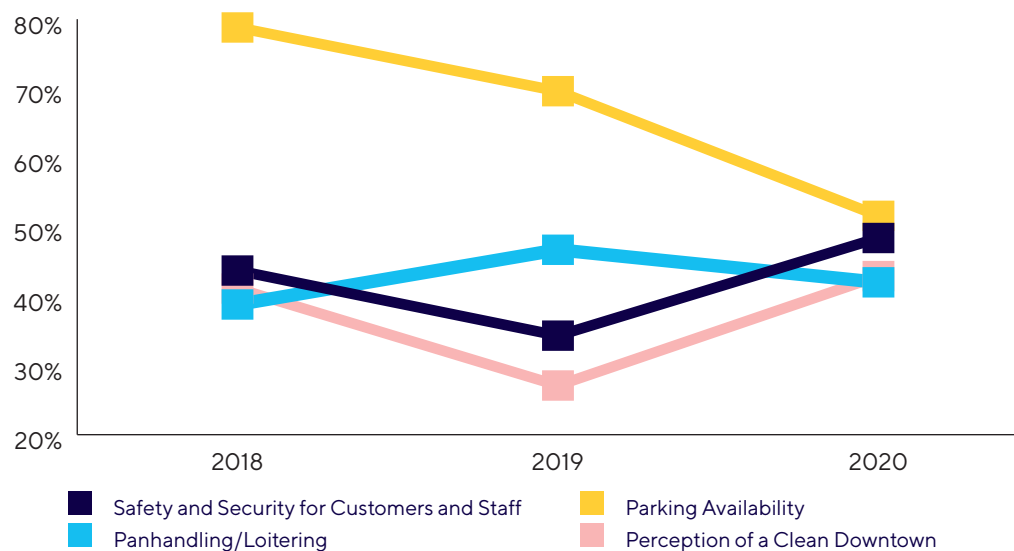
Do you have plans to expand or reduce operations for your business in the next two years?

Not surprisingly, business owners' plans for expansion diminished somewhat in 2020 compared to 2019. It is also important to recognize that the percentage of business owners who intend to reduce their business in the next two years (whether by limiting products/services/square footage, or by moving out of the area) has also decreased. The percentage of those who have no plans for change remains stable.



Excluding the COVID-19 pandemic, what four factors most negatively impacted the economic vitality of your business in 2020?

Survey respondents have been consistent over the past three years in their identification of the key negative impacts to their downtown business vitality with Parking Availability still taking the number one position, followed by Safety and Security and then Perception of a Clean Downtown and Panhandling/Loitering.



Parking

Although survey respondents continue to identify parking availability as a key negative impact on business viability, we see that factor balanced out by other issues this year in terms of how best to improve the downtown business environment. In fact, improving real-time parking information dropped off from the #3 (2019) and #2 (2018) positions to #8 in 2020.

Parking by the Numbers



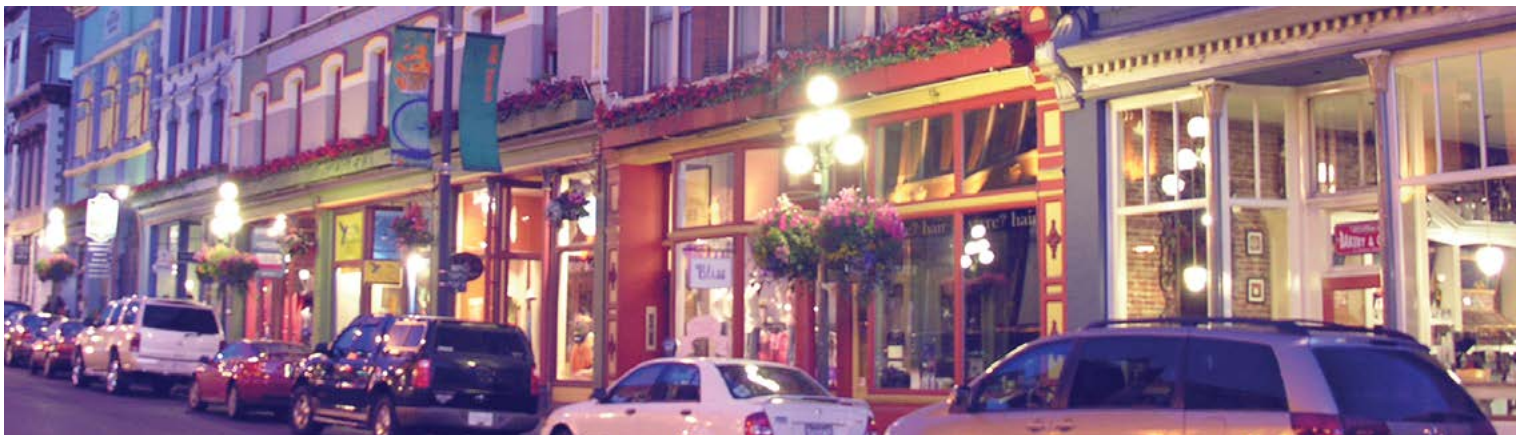
Source: City of Victoria, Robbins Parking, and Westshore Parking

Please select the three elements that you feel would **MOST** improve the downtown business environment.

	2020	2019	2018
Increased emphasis on a clean downtown	1	2	1
Increased police presence	2	1	4
Increase in retail activations	3	6	5
Improved real-time parking information	8	3	2
Improved public transportation	10	4	3

Respondents this year were primarily focused on improvements to the cleanliness and safety of downtown as well as the opportunities to engage with the public as can be evidenced by the third and fourth most popular answers in 2020: to increase retail activations (patios, parklets); and, increased festivals and events in non-summer months.

With regards to the cleanliness and safety of downtown, the overwhelming perception from survey respondents in both the statistical and anecdotal responses, was that the situation had worsened compared with the year before. With a sparsely populated downtown due to work from home policies as well as the lack of tourists, vandalism and other criminal activity certainly became more visible, especially to business owners struggling to keep their doors open and customers engaged.



Safety and Security

48.4% of survey respondents ranked safety and security in the top three issues that negatively impact the vitality of their business, compared to 34.3% in 2019 and 43.7% in 2018.




This focus on safety and security is mirrored in the results of the 2021 VICPD community survey which showed a 21-point increase from 2020 to 2021, in respondents who feel that crime has increased. The DVBA survey also shows that respondents spent an average of 62% more on crime prevention for their business in 2020, including items such as window reinforcement and security cameras.

On a positive note, the stats from the DVBA Clean Team show a 50.2% reduction in the number of needles that were collected in 2020 over 2019.

	% change over previous year	
	Tags	Needles
2016	-22.4	+112.3
2017	+150.5	-29.6
2018	+63.2	+104.7
2019	+44.5	+50.4
2020	-3.6	-50.2

Mobility

Downtown Victoria continues to rate highly for all types of transportation on the mobility index published by [Walkscore.com](https://walkscore.com). Unsurprisingly, the biking score has shown growth which could be attributed to the installation of the bike lanes throughout the downtown region.

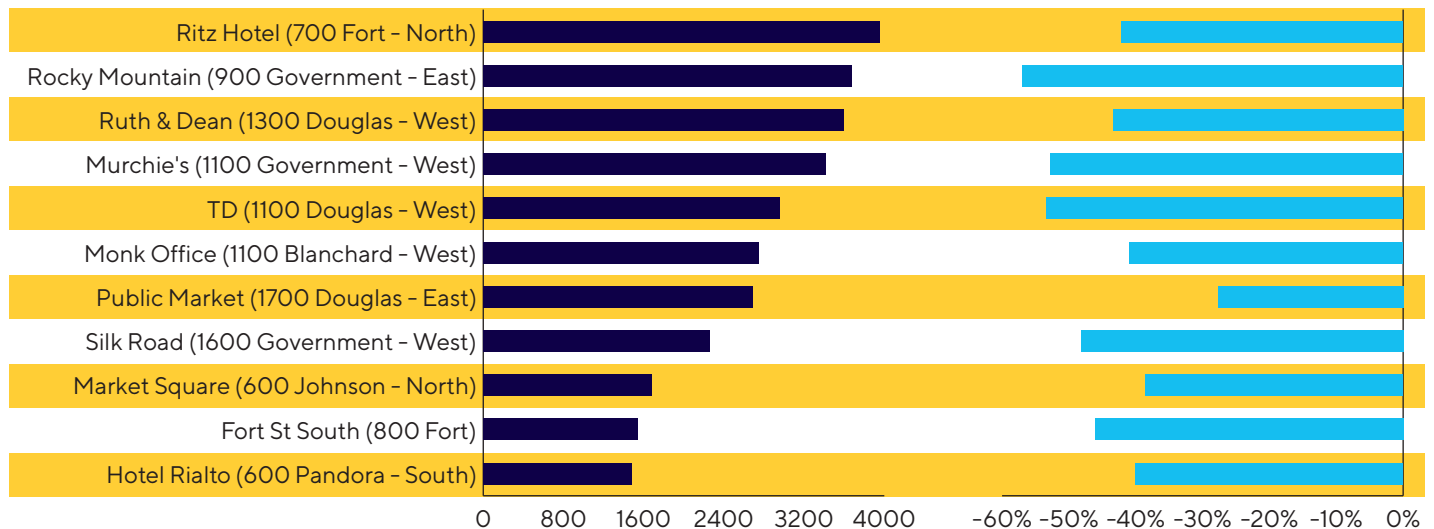
	 Walk Score	 Transit Score	 Bike Score
2019	100	76	75
2020	95	76	93

Source: [Walkscore.com](https://walkscore.com)

Another interesting measure is shown in the following graphic which outlines the change in foot traffic from the pedestrian counters located in the downtown area. COVID obviously impacted the number of downtown visitors with the Government Street corridor experiencing some of the most significant reductions due to the lack of tourists along with Douglas Street and lower Fort Street which were impacted by the exodus of office workers.

January 11 to December 31, 2020 average daily pedestrian count

% change from previous year





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COVID and its Impact on Downtown

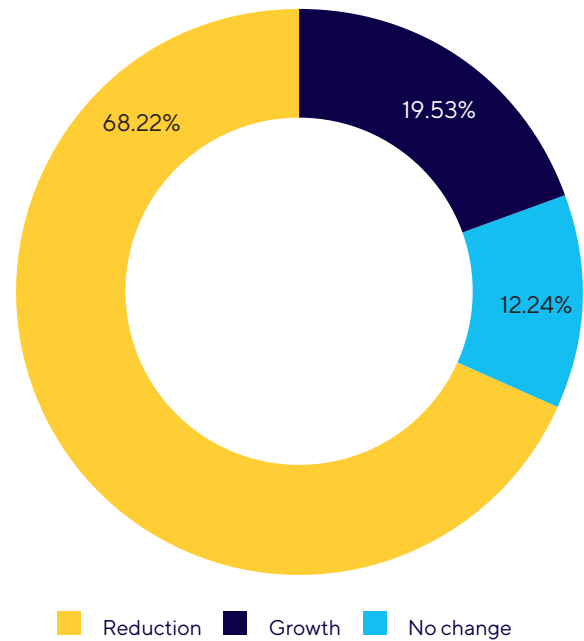




There is simply no easy way to quantify the impact of COVID on downtown. There were economic impacts on businesses large and small; some were minimal, others catastrophic. Offices closed, and even at the time of writing this report, only 30% of office workers have returned to downtown offices. Tourism all but vanished, with the partial exception in 2020 of limited intra-provincial tourism, which accounts for only 20% of overall tourism numbers. Cruise ships will not return until 2022 at the earliest. These economic impacts will continue to affect downtown businesses into the future.

The impact of the pandemic on the mental health of business owners and their employees is equally significant. When the pandemic first struck, most small and medium sized business owners' concern was for the well being of their staff. As the pandemic progressed, these businesses focused on staying afloat financially, keeping staff employed, and adhering to the health guidelines to ensure the safety of both customers and staff. They had to maintain and enforce an ever-changing regime of provincial orders, rules, and guidelines while facing the reactions of the public. They spent countless hours researching and applying for various governmental support programs. They moved their business online, where possible, and sought delivery solutions to satisfy customers' needs. They worked harder than ever before, while making significantly less income. The overall impact on the mental wellbeing of those in the downtown business community is not as easily quantifiable as the financial impacts, but with the continued duress of the pandemic wearing heavily, it is certainly no less severe.

Change in net profit from 2019 to 2020



One quarter of survey respondents indicate a reduction in net profits of 50% or greater.

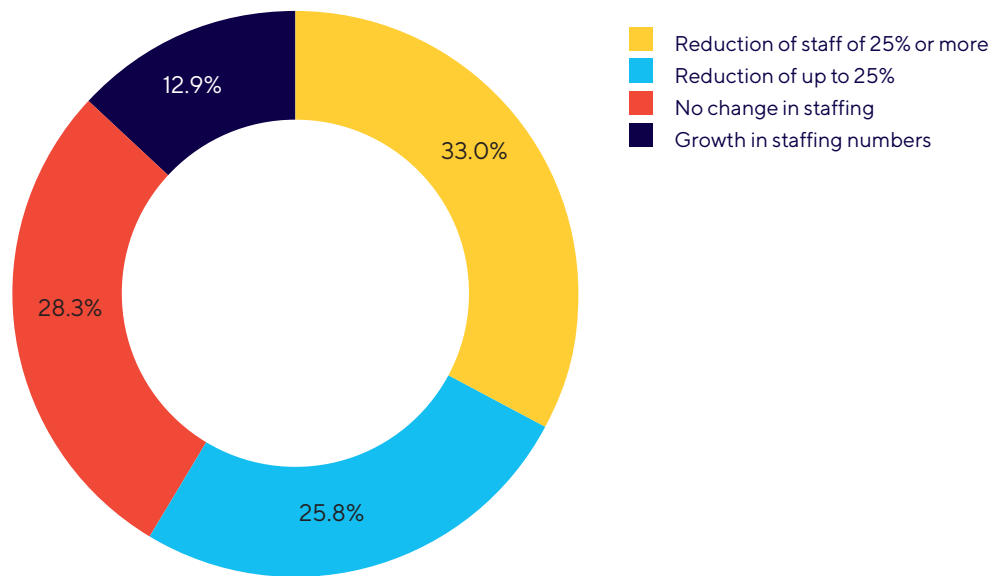
Some businesses experienced growth with the following factors as key contributors:

- Changes to business model – adapting, shifting online
- Local community support
- Essential service
- Industry or sector was not impacted (or less severely impacted)

What our members told us about how they shifted their business model to survive ...

- fewer clients due to spacing out of scheduling
- shift to delivery, curb-side pick up/takeout, online store
- reduction in clients and staff
- reduced hours/services/products
- changed marketing focus/product mix to attract or maintain customers and respond to their current needs
- staff working remotely
- business went virtual

How staffing was impacted by COVID...



All levels of government stepped up to support business with a variety of programs. Here are the ones that our DVBA survey respondents found the most helpful...

- Canada Emergency Wage Subsidy (53.5%)
- Canada Emergency Rent Subsidy (49.9%)
- Canada Emergency Business Account interest-free loan program (39.4%)
- Canada Emergency Response Benefit (25.1%)
- BC Small and Medium Sized Business Recovery Grant Program (21.0%)

It is important to note that we received many anecdotal comments from respondents that none of these programs were of assistance for a variety of reasons, predominantly the following:

- New businesses could not qualify
- Business owners were too busy to investigate the opportunities
- Lack of awareness
- Lack of employees – mostly contractor-based staff
- Charitable organizations

DVBA Response to COVID

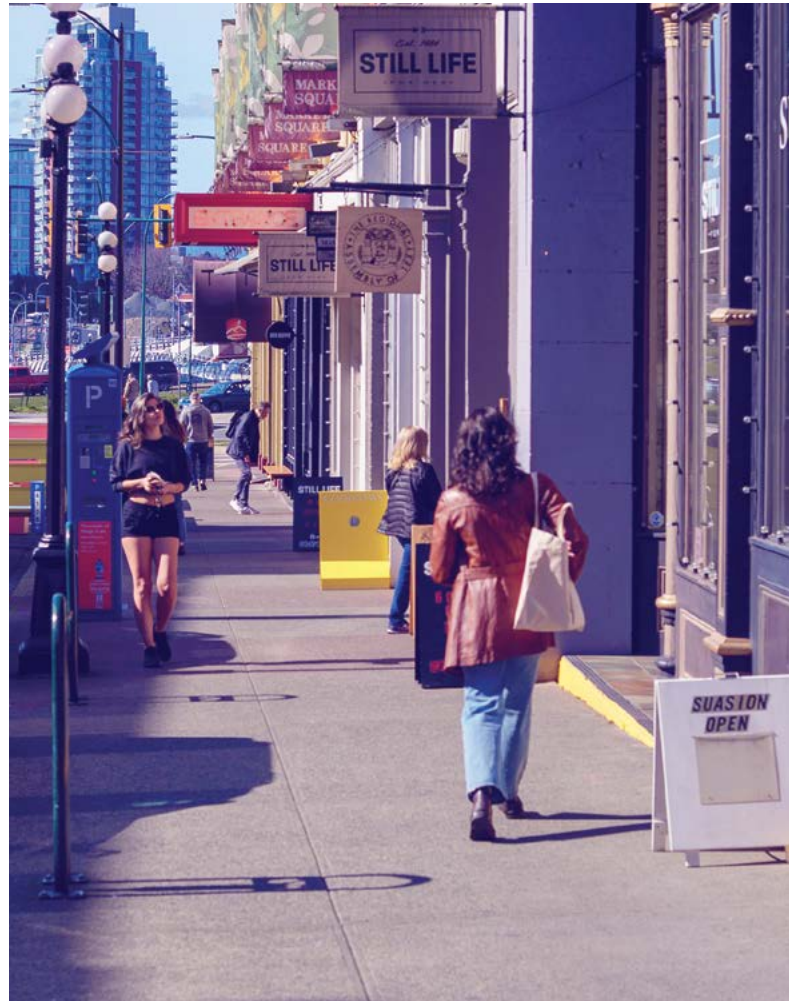
The DVBA also put new programs into place and ramped up existing initiatives to support our members. These are the ones that respondents found the most effective:

- Expansion of the Clean Team’s responsibilities
- Increased advocacy for rent relief, support for destination management organizations, and safety/security
- Downtown Delivers program for retail business
- Increased frequency of the DVBA Business News as well as ongoing updates to the COVID-19 website page

This selection of initiatives is a significant part of what the DVBA has been doing during COVID-19, but we also ran many support and marketing programs which were not in the top four. During the first lockdown, we ran a regular “Local Legends” feature highlighting local businesses supporting the community through food donations, hand sanitizer production, and so forth. As that phase ended, we produced the “Welcoming You Back” video to show people they could come downtown safely.

Our summer Save the Sales campaign was intended to encourage more downtown shopping. The associated contest registered over \$336,000.00 as shown on the campaign website. The holiday season began both our “shop downtown from home” initiative (downtown stores with online presences, for those who needed to be more careful about exposure) and our Meet Downtown marketing campaign. Meet Downtown featured a selection of business owners – established and new – telling their story and the story of their business, in short videos encouraging local shopping.

During the extended run of Downtown Delivers, both retail and restaurant businesses were eligible to receive free shipping on local deliveries. The holiday season began both our Shop Downtown from Home initiative (presenting downtown stores with online presences to facilitate shopping locally from home) and our Meet Downtown video marketing campaign. Meet Downtown featured a selection of business owners telling their stories amidst the pandemic to promote supporting local.



According to survey respondents, the best support for their business would come from:

- Ongoing rent subsidy
- A return of office workers to downtown
- More leniency with parking – free, or no tickets
- Funding availability for new businesses
- Property tax decrease or forgiveness
- Promotion of downtown as a destination once COVID restrictions are lifted / Marketing and Advertising support
- Keep streets clean and safe
- More police presence
- Less police presence
- Continue Downtown Delivers program

Looking Ahead

This is the third year we have surveyed our members and examined other data sources to have a snapshot view of downtown. There are two observations I would like to make in looking ahead to the rest of 2021 and into 2022.

The first is the stability of our region, economically and socially. This is one of the main reasons, despite COVID-19, that our 2020-2021 data does not change drastically overall. Revenue and employment data do, but most others have only changed slightly. That small change may even be considered somewhat surprising. That bodes well as we are not yet into the recovery phase of the pandemic.

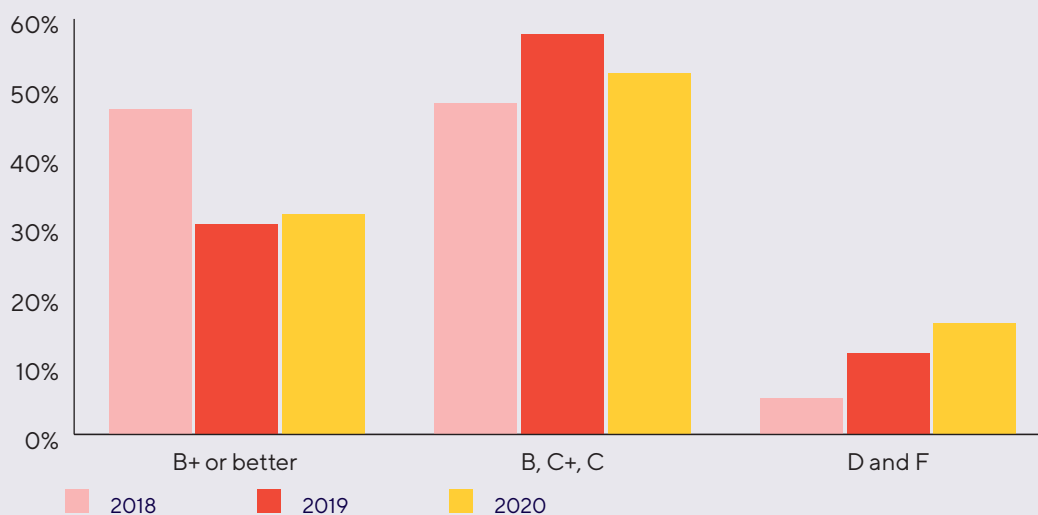
The second however, is a perceptible decline in how our members view doing business downtown. The letter grades our members apply to being downtown has decreased each year since our baseline year of 2019.

While still relatively positive, the trend should be a wakeup call to decision makers that considerable attention must be paid to the needs of businesses, their employees, customers, and residents to address many of the issues raised in this report.

Working together, I believe we can continue to host one of the best mid-sized downtowns in North America!

Jeff Bray

Letter Grade for Victoria as a Place of Business



Sources

Citified Media / Citified.ca

Victoria Office Market Report Q4 2020, Colliers Canada

Victoria Retail Market Report Q4 2020, Colliers Canada

Victoria Multifamily Market Report Q4 2020, Colliers Canada

Rental Market Report 2020, Canada Mortgage and Housing Corporation

The City of Victoria Open Data Portal – Business License data

Downtown Victoria Business Association – Clean Team stats and Pedestrian Counters

Victoria Police Department Q1 Report 2021

2021 Victoria Police Department Community Survey

[Walkscore.com](https://www.walkscore.com)



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