



2023

**ANNUAL REPORT  
ON DOWNTOWN**

**DOWNTOWN Victoria**



## LETTER FROM THE CEO

**Victoria hosts one of the best downtowns in Canada. There is a reason we are a hub of tourism—Victoria is beautiful, with a compact, attractive, and inviting downtown full of unique businesses!**

This is the Downtown Victoria Business Association (DVBA)'s Fifth Annual Report on Downtown. Every year, we measure our business survey results, and gather data from various other sources to create a holistic depiction of business in downtown Victoria.

Perhaps the most significant theme from this year's report is the '*tale of two downtowns*'. Business performance overall was good, yet the regional narrative regarding downtown Victoria is quite negative. Thousands of people come downtown everyday and have wonderful experiences, including tourists, yet many locals who rarely visit express adverse opinions about the area. The question we continue to ask are: what is perception and what is reality?

Another theme of note is the *remarkable resiliency* of our downtown businesses, even as we are still dealing with the lingering effects of the pandemic, coupled with inflation, labour shortages, and supply chain challenges. The *power of shopping local* to sustain our local economy also appeared as a theme this year. This region is tremendously supportive of local business, and that is one of the keys to the positive business performance.

The lack of adequate supports for those suffering with mental illness and addiction and the centralization of services into a few small areas are major concerns for businesses. We must tackle these issues now, at all levels of government, to ensure our regional downtown remains economically strong and vibrant.

This report paints an evidence-based picture of downtown, using quantitative data to measure the economic vitality of downtown. It reflects our experiences, challenges aspects of the public narrative, shines a light on the impacts the concentration of people struggling with mental health and substance abuse create, and highlights areas of concern and opportunity from the business perspective.

In 2019, we published our First Annual Report on Downtown. The original report 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 erroneous narratives that exist.

Victoria's downtown is the envy of many. It is clean, historic, diverse, welcoming, colourful, and full of wonderful people intent on creating a great place for locals and visitors alike. Is it perfect? By no means! Every downtown faces unique challenges, and we are no exception. Our job at the DVBA is to preserve what is working while mitigating the challenges facing the region to make downtown Victoria even more vibrant, inclusive, and economically resilient for years to come.

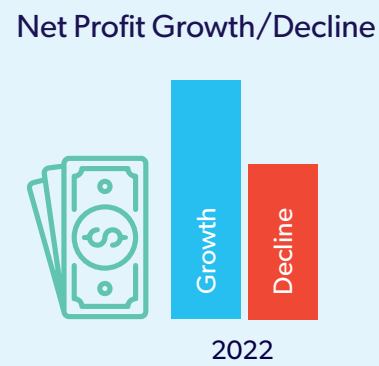
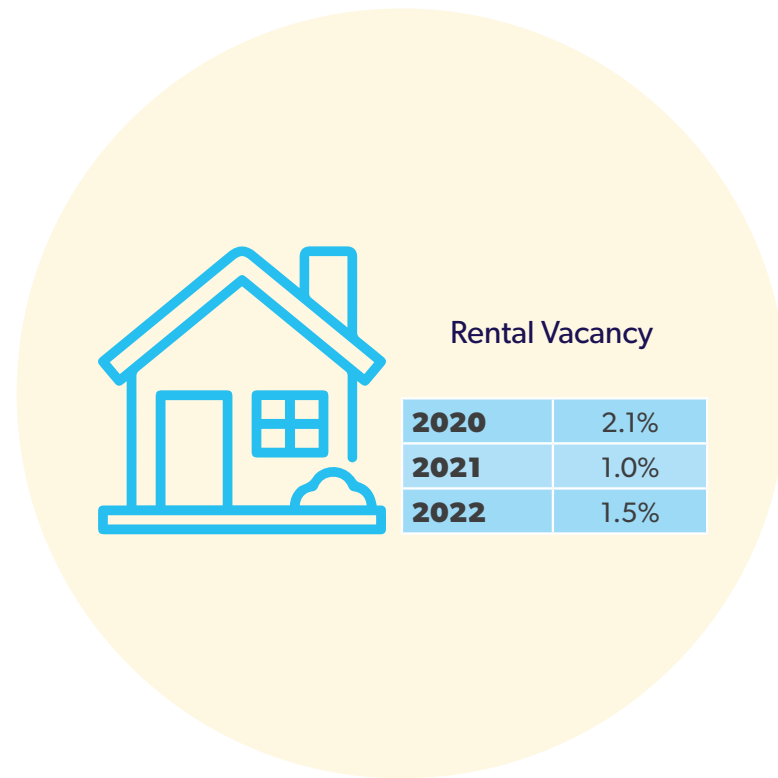


Jeff Bray, Chief Executive Officer,  
Downtown Victoria Business Association

*We acknowledge that the Downtown Victoria Business Association, our projects, and businesses within our boundaries operate on the traditional unceded territories of the Lekwungen Peoples.*



## REPORT AT A GLANCE



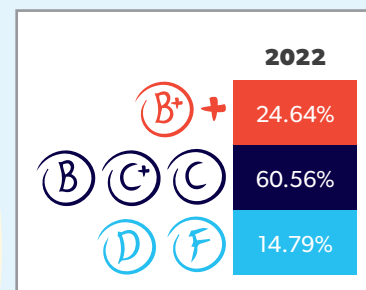
### Top 3 Negative Impacts



### Top 3 Elements to Improve the Downtown Business Environment



### Letter Grade for Victoria as a Place of Business



## DVBA 2022 Milestones

### January

Launched updated downtownvictoria.ca

### May

Held virtual Marketing Essentials Workshop for members

Hired summer co-op student, Zoe Wu

### July

Downtown Victoria Business Association Boundary Expanded

Vibin' Downtown campaign continued

Picnics and Patios campaign with the Greater Victoria Chamber of Commerce and Destination Greater Victoria

### October

Small Business Month

Hired Community Resource Coordinator, John Kletke and Membership Engagement Coordinator, Madison Sutcliffe

### April

Celebrated Earth Month highlighting sustainable downtown businesses throughout the month.

### June

Launched Vibin' Downtown video campaign

Annual Report 2022

AGM 2022

### August

Vibin' Downtown campaign continued

Hosted the first virtual de-escalation workshop for members with the Canadian Mental Health Association of British Columbia

### November

Lights of Wonder marketing launched

### December

Hosted Starlight Lights of Wonder in Centennial Square from December 16 until December 31



## DOWNTOWN ECONOMY

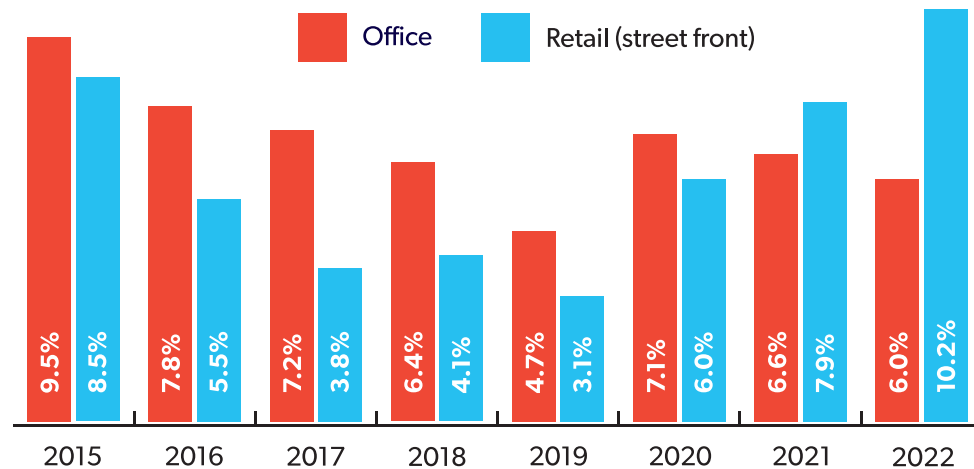
What is the state of the downtown economy? This section of the report explores this question through various indicators including vacancy rates, new and renewed business licence data, event and film permits, tourism numbers, and overall pedestrian traffic. From there, the report endeavors to understand the business experience downtown, using data from the DVBA member survey to offer a pulse-check on the health of downtown businesses.

### Downtown Commercial Vacancy Rates

In 2022, office vacancy dropped 0.6% from 2021. Colliers indicates that while there is still demand for premium office space, many employers are struggling with remote/hybrid work arrangements and determining whether to hold or release currently rented space. It is important to note that, due mostly to the significant amount of government offices in downtown Victoria, the office rental market is one of the most stable in Canada.

On the retail side, vacancy rates increased once again from the previous year. The 2.3% increase can be attributed jointly to additional inventory with the completion of the Customs House development, as well as a significant number of properties on the slate for redevelopment and only accepting short-term rentals until development begins. Colliers predicts that demand for downtown street front retail space will remain mixed, impacted positively by the strength of tourism recovery, and negatively by decreased foot traffic due to hybrid work arrangements and ongoing visible social challenges in the downtown area.

### Downtown Commercial Vacancy Rates



Source: Colliers

## Downtown Development

Although it seemed that there was a cement mixer, dump truck, or crane around every corner downtown, no condo, rental, or retail/office development project was completed in 2022. However, two rental housing projects were completed in the first few months of 2023, adding almost 400 units to the rental inventory downtown. Furthermore, an estimated 400 rental and condo units should be completed by the end of 2023 and multiple projects are coming in 2024 and 2025. Developers continue to report frustrations with the high costs and unavailability of materials and labour.

### Downtown Victoria Large-Scale Development Activity

	2016	2017	2018	2019	2020	2021	2022	2023*
Condos (# units)	122	162	120	290	390	336	0	262
Rentals (# units)	176	171	352	195	90	244	0	505
Retail (sq.ft.)	18,690	13,957	39,855	67,252	20,001	53,761	0	21,101
Office (sq.ft.)	0	11,087	278,963	0	0	0	0	16,500

\*Completed and expected to complete.

Source: Citified Media





## Housing Costs and Availability

The housing vacancy rate in Victoria improved marginally in 2022, mostly due to increased availability of short-term rental units impacted by delayed renovations and/or conversions. There was very little new rental stock added to the inventory in 2022.

Rental Market Data Based on a 1-Bedroom Unit

	Vacancy %	# Units	Rent
<b>2017</b>	0.7%	13,890	\$988
<b>2018</b>	1.2%	14,214	\$1,076
<b>2019</b>	0.9%	14,361	\$1,127
<b>2020</b>	2.1%	15,126	\$1,185
<b>2021</b>	1.0%	15,355	\$1,214
<b>2022</b>	1.5%	15,942	\$1,341

Source: CMHC

The upward trajectory of rental costs continued within the Victoria Census Metropolitan Area (CMA) in 2022 with a record-breaking increase of 7.7% for the average rent of purpose-built rental apartments. This growth is largely due to the rent increases applied to units that were turned over to new tenants. Higher levels of immigration and the growing job market for part-time work caused demand for rental accommodation to rise, leading to higher prices.

## Business Licenses

The significant number of City of Victoria business license renewals and new applications in 2022 shows continued recovery of the local economy. The city issued a total of 10,922 business licenses, surpassing the 2019 pre-pandemic number of 10,132. Importantly, after two years of decline, the number of new (rather than renewed) business licenses showed a significant increase of 24.5% increase over 2021, a strong step towards pre-pandemic levels.

(Please note, this data is for the entire City of Victoria, not just the downtown area.)

	2019	2020	2021	2022
<b>New</b>	1944	1592	1456	1813
<b>Renewed</b>	8188	8383	7411	9,109
<b>Total</b>	<b>10,132</b>	<b>9,975</b>	<b>8,867</b>	<b>10,922</b>

Source: City of Victoria

## Event and Film Permits

The City of Victoria issued 208 event permits in 2022 – more than double the number issued in 2021 and a clear indicator that the community was eager to gather again post-pandemic. Festivals and events returned in full swing in 2022 with Downtown Victoria hosting many large-scale events, including: the 122nd Victoria Day Parade, AfricaFest, FolkToria, Mabuhay!, the 23rd annual Ska & Reggae Festival, the TD International JazzFest, the Victoria Pride Festival & Pride Parade, Victoria’s Canada Day, Victoria Symphony Splash Festival, ViVa! Victoria Latin Festival, Victoria Dragon Boat Festival, Victoria Fringe Festival, Harbour Blues & Roots Festival, Victoria Santa Parade, and Starlight Lights of Wonder.

2022 saw a slight decline in the number of film production permits issued by the City, however, it was still a strong year for the industry with several small productions filmed in locations all over Greater Victoria.

	Event Permits	Film Permits
<b>2019</b>	252	64
<b>2020</b>	66	79
<b>2021</b>	93	104
<b>2022</b>	208	91

Source: City of Victoria

## Tourism

The tourism industry is a key economic generator for Victoria, and its performance provides insight into the health of the city’s overall economy. 2022 not only experienced the return of the cruise industry with visits from 336 ships and just over 700,000 passengers, but also robust growth towards pre-pandemic levels for other key indicators including conference activity, hotel occupancy, and airport traffic.

	Hotel Occupancy (%)	Conference Delegate #s	Cruise Ship Passenger #s	YYJ traffic
<b>2019</b>	74.66%	118,661	709,000	1,924,385
<b>2020</b>	33.06%	0	0	574,837
<b>2021</b>	47.16%	20,018	0	673,748
<b>2022</b>	68.85%	87,256	700,068	1,490,039

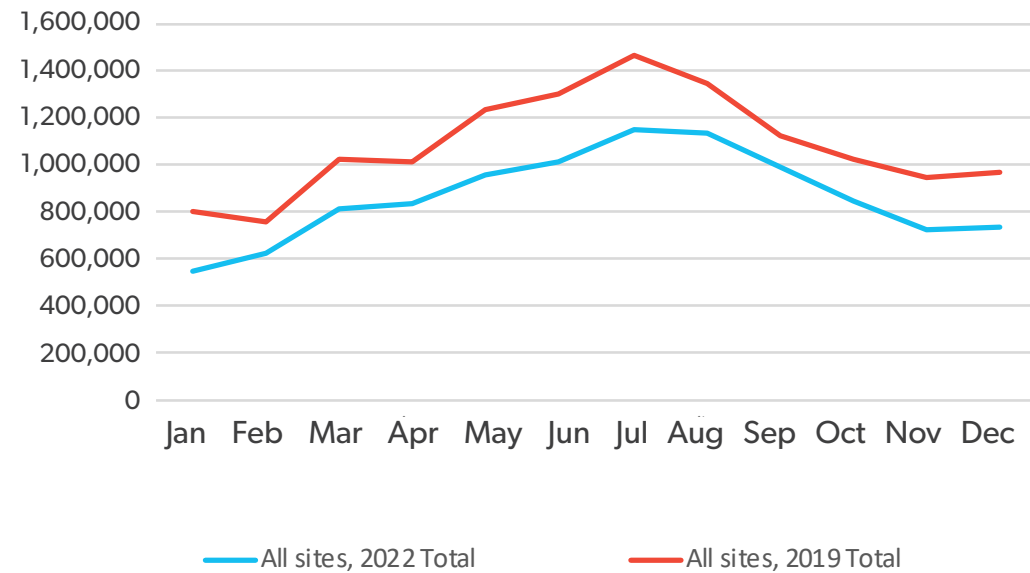
Source: Chemistry Consulting Group



## Pedestrian Traffic

The DVBA manages several strategically placed pedestrian counters in downtown Victoria. From the counter data,, it is evident that despite remote work/hybrid arrangements becoming a routine factor in office employment, the average daily pedestrian traffic downtown is approaching pre-pandemic levels. The 2022 pedestrian traffic downtown reached 80% of the 2019 counts.

2019 vs 2022, total pedestrian count

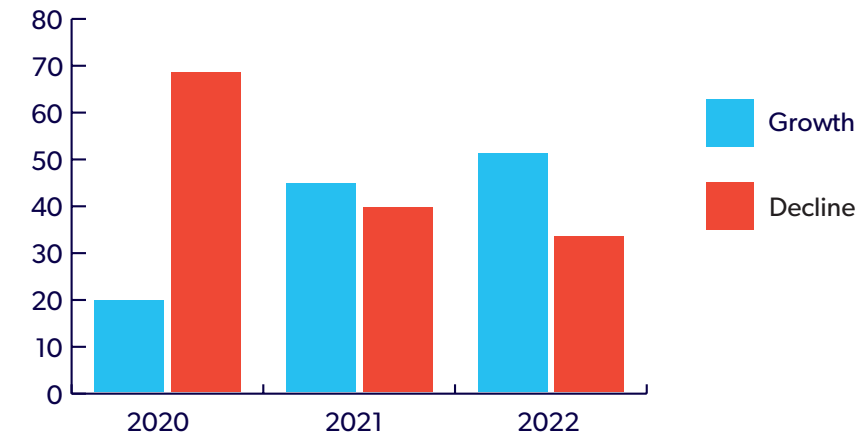


## DOWNTOWN BUSINESS HEALTH

As evidenced in the data cited in the previous pages, overall downtown business performance illustrates recovery and stabilization in 2022.

On an individual business level we see a similar story. Of the businesses who responded to the DVBA member survey, most maintained the same level of net profit compared to 2021 or experienced an improvement.

Net profit (% growth/decline)



## Doing Business Online

With the downturn in 'in-person' business due to the pandemic, many businesses pivoted to doing business online. 56.6% of DVBA survey respondents either enhanced or added an online component to their business. However, of this group, 81% do less than 25% of their sales online, demonstrating the value of their physical presence in downtown Victoria.





## Human Resources

Survey respondents this year indicated that staffing levels remain similar to last year, with 33.3% increasing staffing levels (compared to 35.5% in 2021) and 29.4% reducing staffing levels (compared to 29.9% in 2021).

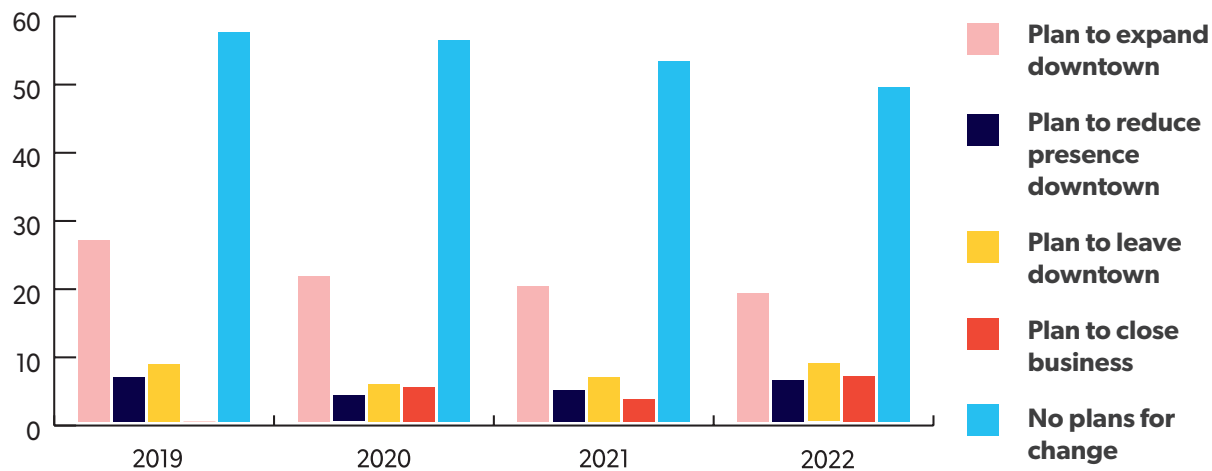
Further, 57.8% of survey respondents indicated that they had experienced staffing challenges over the last year with 85.7% of them increasing wages or salaries to attract qualified staff. Respondents also implemented strategies such as improving employee benefits (33.3%) and offering flexible work arrangements (35.9%) to attract the employees needed.

### Changes in Staffing Levels

	2021	2022
Increase	35.5%	33.3%
No change	30.6%	35.5%
Decline	29.9%	29.4%

## Future Intentions

Respondents were asked about intentions regarding their business operations over the next two years. Results show that 49% have no plans to reduce or expand their operations, 18.8% intend to expand and 8.5% plan to leave downtown. Although these figures show a slight downward trend when compared to the last few years, they also speak to continued rebuilding and investment on the part of downtown business owners and operators.



## KEY CHALLENGES FACING DOWNTOWN

### Key Challenge #1: Perception vs. Reality

#### Negative Perception of Downtown

The negative perception of downtown has been a concern for a long time. Vandalism, theft, homelessness, public drug use, and mental health challenges are all contributing factors.

According to the DVBA member survey, “Customer perception of downtown” was the number one factor negatively impacting the economic vitality of downtown. This issue was also ranked first in 2021 although it only received 56.4% of responses that year, compared with 78.1% in 2022. This is clearly a growing concern among businesses.

#### A Tale of Two Downtowns

Despite these negative perceptions, downtown businesses report robust performance. 51% of survey respondents experienced an increase in net profit in 2022 over 2021. Additionally, the growth of the number of business licenses issued, the continued commercial development activity, and the near complete recovery of the tourism industry are evidence of a strong downtown economy.

#### The Role of the DVBA

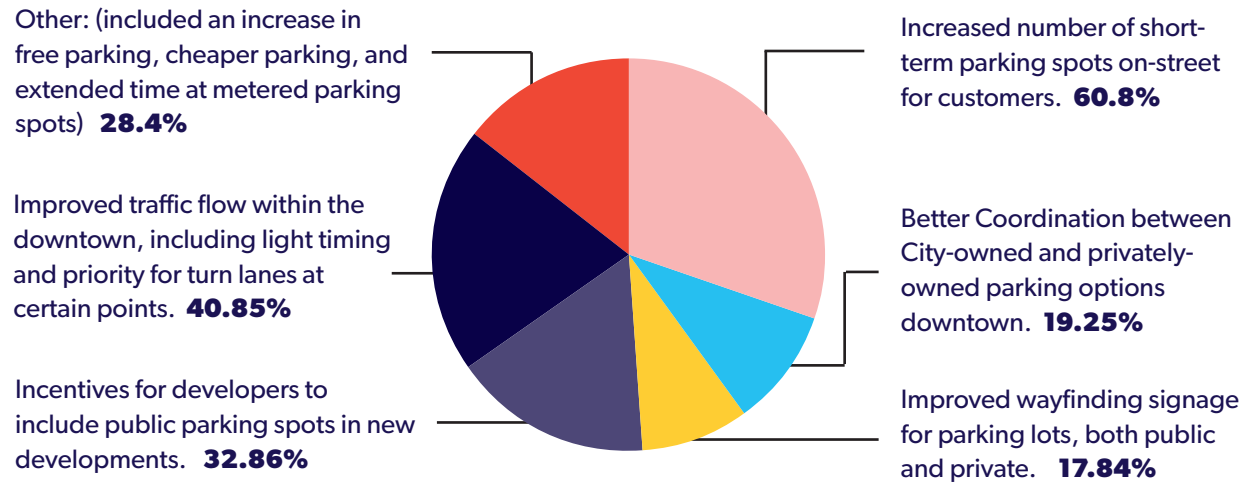
Through marketing, the DVBA focuses on highlighting the many positive aspects of downtown. The unique businesses, mild climate, natural beauty, interesting architecture, historical relevance, numerous events, and many activities, all make it easy to show off our remarkable downtown.

As an organization, the DVBA is also working to create more events and activations to draw people back downtown, to leave them with positive experiences and memories of downtown to counter those negative perceptions. The DVBA also advocates on behalf of the downtown businesses to different levels of government to enact lasting change to create a more welcoming and safer environment for everyone. We believe that decentralization of shelter and support services, increased complex care beds for those suffering from both addictions and mental health issues, and stronger enforcement against repeat offenders will improve the downtown experience for all.



## Key Challenge #2: Drivability

As the regional hub of Greater Victoria, downtown Victoria needs to be easily accessible. For a second year in a row, drivability ranked second in the list of factors that most negatively impact the economic vitality of business in downtown.



Business owners regularly report that their customers have trouble finding convenient parking. Routinely, people complain about delays at specific intersections and at certain times of the day. Restaurants and bars highlight that staff struggle with limited parking available at the start of their shifts, but no transit options are available when shifts end and bars close.

### DVBA Drivability Advocacy

Given that 61% of respondents wanted to see more short-term parking spots for customer drop-off and pick-up and for commercial delivery, the DVBA is asking the City to include one such spot on every other block. We continue to work with the city on real-time parking availability information. We are happy to report that the City has started making this idea a reality within all five City-owned parkades.

Traffic flow is an issue the DVBA continues to raise with the City, and based on this year's survey, the organization will focus on the following specific requests to address this issue:

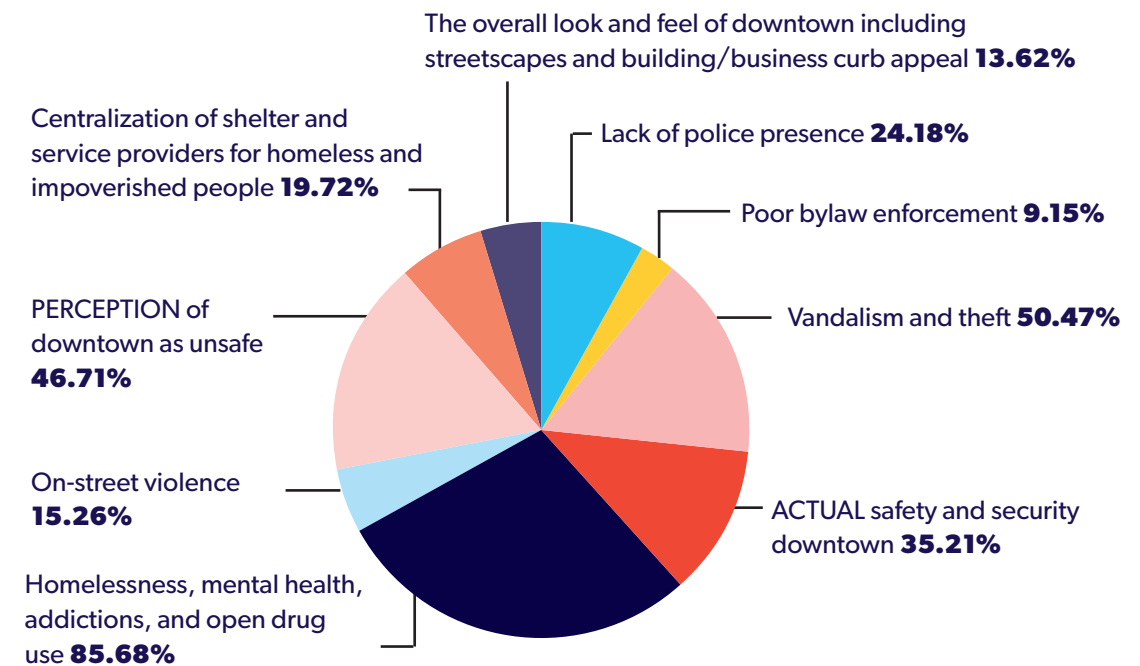
- Assessment and adjustment of light timing on Blanshard Street, Wharf Street, and Douglas Street to improve traffic flow
- Evaluation of the left turn at the intersection of Wharf Street and Fort Street for safety

- Light timing at the Johnson Street Bridge intersection
- Advanced left turn from Douglas Street to Pandora Avenue between 4 pm and 5:30 pm
- Advanced left at Government Street and Bay Street
- Reintroduction of a right turn at the end of Pandora Avenue
- Ensuring that Government Street remains accessible by vehicles, outside of special events

BC Transit is already working to introduce more rapid transit routes that link commuter park-and-ride lots with downtown Victoria. Noting the concerns around the need for evening and late-night businesses, the DVBA is also advocating for the return of late-night bus service routes which will allow hospitality staff to use transit.

## Key Challenge #3: Safety & Security

Recognizing that safety & security are of utmost importance to our members, we asked each respondent to pick 3 choices of 'issues that most impact business vitality'.



In the wake of the pandemic, with several years of reduced tourism, mandatory closures and public health limitations, supply chain disruptions, and increased costs, the impact of thefts and the vandalism feels significantly higher for businesses.

Downtown business owners are concerned for their customers and staff alike. Roughly 52% of downtown businesses are women-led, with an additional 20% led by LGBTQ2S+ and Gender Diverse people. Closing at night and travelling to their vehicles or awaiting transit are key concerns.

Large camps of unhoused individuals and people visibly suffering from untreated mental health difficulties and/or addictions creates an uncomfortable environment for customers. Unfortunately, these challenges build on the perception that downtown is unsafe, whether there is any direct threat from this population.

Although the results from the survey data state overwhelmingly that businesses perceive crime has increased or stayed the same in Victoria, the data from Victoria Police Department shows that actual calls for service in all three crime categories have declined since 2020. However, the Victoria Police Department's Community Safety Report shows that the perception that crime levels have increased is widespread.

#### Total Calls for Service

Type of Crime*	2020	2021	2022
Social Order	12,398	13,035	12,068
Violence	3,037	3,231	2,936
Property	7,335	7,236	6,351

#### Perception of Crime Levels

Change in Crime Levels (% change)	2020	2021	2022
Same	52	32	35
Increased	41	64	61
Decreased	7	4	4

Source: Victoria Police Department Community Safety Report Q4 2022

#### Downtown Cleanliness

The DVBA Clean Team keeps statistics about needles cleaned up and about graffiti tags removed. The beginning of the pandemic saw a dramatic reduction in the number of needles being found – but the number of tags has remained consistent. This graffiti vandalism costs businesses and the DVBA directly not only in terms of the expense to remove it, but also in the damage to the overall look of downtown. Likewise, the continued incidents of broken windows are expensive and annoying for business owners, regardless of whether any theft takes place.

	Needles	Tags
2019	10,070	15,098
2020	5,015	14,550
2021	5,028	14,293
2022	5,787	17,029

#### DVBA Safety and Security Advocacy

Since early in 2021, the DVBA has been working with the City of Victoria to provide vandalism grants and security improvement grants to businesses that have been harmed by, and to protect against, broken windows, burglary attempts, and similar incidents. While these grants are valuable, they do not address the cause. A long-term solution to the ongoing safety and security problems downtown is urgently needed.





For several years, the DVBA has been advocating for complex care. In the case of the most marginalized of our population, mandatory involuntary treatment may be needed for repeat offenders to get the support required and would reduce the impact on other programs. Additionally, while supportive housing is a clear and necessary step to help those who are currently unhoused, efforts need to be made by the Province to reduce the impact on the community of these necessary shelters. The DVBA advocates for both shelters and service providers to be decentralized so the impacts are not concentrated in the downtown core.

The DVBA proposes improved funding for Victoria Police and ACT teams. These are key elements in addressing the security concerns downtown. Improved enforcement could focus on stopping the small group of repeat offenders who are in and out of incarceration. Enforcement can also target those drug suppliers who exploit vulnerable community members.

Finally, the DVBA has been advocating with both the City and the Province for research-based programs to address mental health and addictions issues (ie. SFU’s CARMHA BC call to action, which offers measurable outcomes and success indicators). These programs demonstrate that while housing is a key element, there needs to be significant investment in social support and treatment to heal communities.

### Key Issue #4: Housing







As evidenced by the CMHC data quoted earlier in this report, the availability of rental accommodation and the price of rentals make living in Victoria challenging for many would-be residents.

#### DVBA Advocacy

Beyond advocating for supported housing for those currently unhoused, the DVBA advocates for a significant investment in housing for workers – those employed in the service industry, young families, and those in middle income ranges. An inclusive downtown needs a wide range of housing options so people at all income levels can afford to live in Victoria. More rental and affordable housing for downtown workers will benefit downtown businesses, make it easier for people to travel downtown without competing with staff for parking spaces, and add animation to the streets which will help reduce the incidents of property crime.

### Looking Ahead

Letter Grade for Victoria as a Place to Do Business

	2018	2019	2020	2021	2022
 +	47.0%	30.4%	31.78%	29.31%	24.64%
  	47.8%	57.8%	52.2%	58.31%	60.56%
 	5.2%	11.7%	16.1%	12.37%	14.79%

These letter grades reflect the fatigue of downtown business owners following the pandemic and the increased visibility and prevalence of street issues. The business owners of downtown Victoria have, for many years, displayed their compassion and sympathy towards those individuals who are homeless and/or plagued with mental health and addiction issues. Nearly 90% of respondents to the most recent survey indicated that their business contributes financially and/or in terms of volunteer efforts to local community organizations.

This report helps illustrate that two competing stories exist downtown. Most businesses are doing well from a profitability perspective, but they are exhausted at the worsening experience operating downtown. Victoria has recently been named one of the best small cities in the world, one of the best places to visit, and one of the best island destinations in the world. When others visit, they see all the amazing aspects of our city, and barely notice the challenges. As locals, we tend to only focus on the problems.

For our businesses, the challenges of operating in an area where open drug use, frequent vandalism, encampments, and problematic drivability are top-of-mind is fatiguing. Some are contemplating moving, not because of business performance, but from frustration in dealing with these other challenges.

Governments need to take the bold action now, to support the heart and soul of our community. One of our roles at the DVBA is to continue to urge all decision-makers to enact change to make our downtown a safe and welcoming place for everyone. This report offers us the data to back up our concerns when advocating for our businesses and allows us to ensure our activities throughout the year are responding to the priorities of our members.



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# DOWNTOWN Victoria

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**Downtown Victoria  
Business Association**

20 Centennial Square  
Victoria B.C.  
V8W 1P7

DowntownVictoria.ca  
250-386-2238

