

DOWNTOWN Victoria



2024

ANNUAL REPORT ON DOWNTOWN

LETTER FROM THE CEO

This year's Annual Report on Downtown lays out two parallel narratives. Victoria's economy is faring well - industry, tourism, and development downtown is growing. Without question, people want to work, live, and visit our city. However, despite this favourable economic landscape, the challenges businesses face could drive them to leave.

Retail vacancy rates declined, 5% more new business licenses were issued in 2023 than 2022, the tourism, marine, and tech sectors are thriving, and more development of housing units are anticipated. There is a myriad of indicators that downtown Victoria's economy is healthy.

Yet, this year, 19.3% of business respondents in the Downtown Victoria Business Association (DVBA)'s Member Survey gave downtown a failing grade. That is the highest percentage since we began surveying members. It is alarming.

Many small and medium sized businesses rely on locals as customers – 66% of all downtown customers come from within the CRD (Capital Regional District). The reliance on regional customers highlights why customer perception, drivability, and safety were the central challenges identified by businesses. Victorians' belief that downtown is unclean, unsafe, boring, or otherwise not worth visiting, impacts downtown businesses. Additionally, we need people from Sooke to Sidney to be able to easily get into downtown (including by car) and find parking. Finally, survey results showed that 65.9% of respondents saw “some” or “significant” increase in 2023 in the impact of street crime on their business.

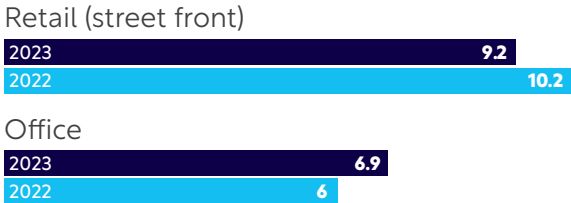
Downtown Victoria is a beautiful area with an inclusive and supportive community. In many ways, we are primed for success. Greater Victorians need to know they can access downtown safely and comfortably. The DVBA will continue to work towards mitigating the challenges while supporting the overall desirability of the core.



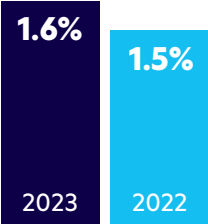
REPORT AT A GLANCE

VACANCY

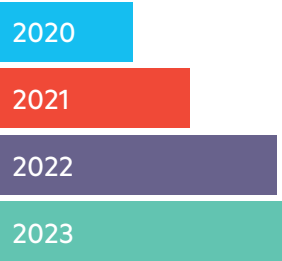
Commercial Vacancy



Rental Vacancy

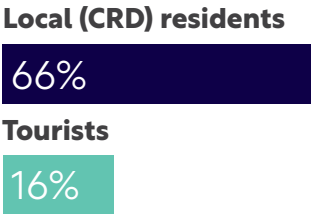


TOURISM

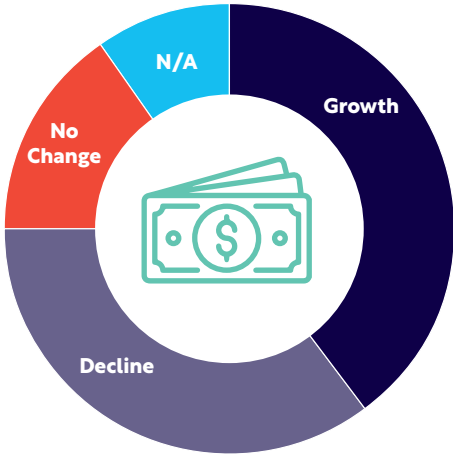


Occupancy

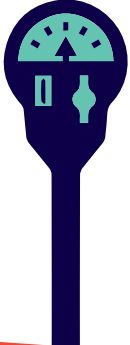
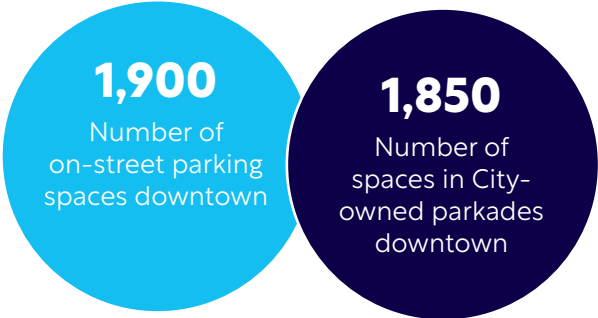
PRIMARY CUSTOMERS



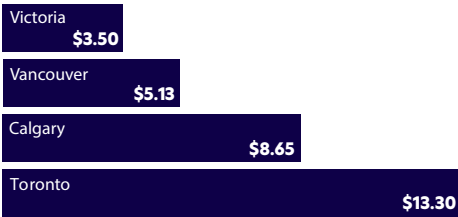
NET PROFIT GROWTH/DECLINE



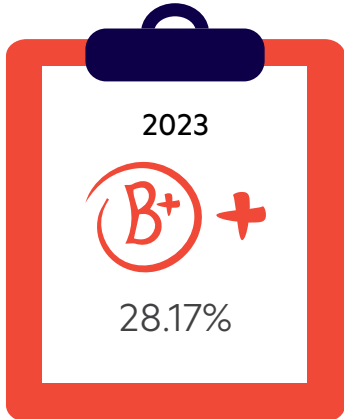
DOWNTOWN DRIVABILITY



Average Parking Rates



LETTER GRADE



2023 MILESTONES



OVERALL DOWNTOWN ECONOMY

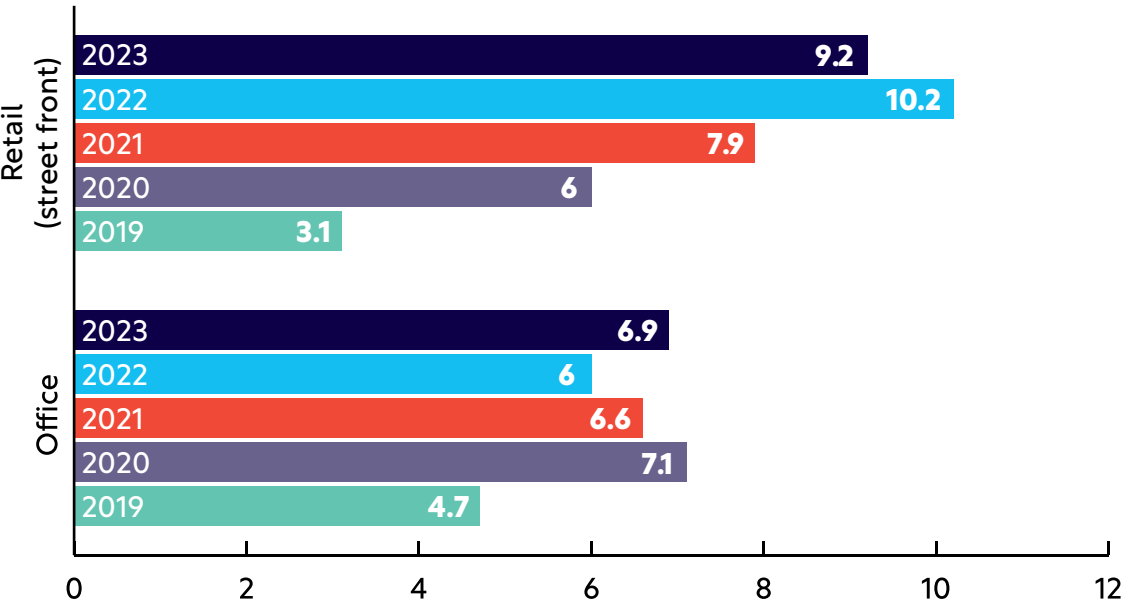
Downtown Victoria’s economy remains healthy. The city’s core continues to thrive on the diversity of its businesses, and its beauty, events, attractions, accessibility, and mobility.

This first section of the 2024 Report on Downtown Victoria presents key indicators of economic health for Victoria’s city core.

COMMERCIAL VACANCY

The office vacancy rate in Victoria was stable in 2023, with a small 0.9% increase from 2022. Colliers predicts that 2024 will see many tenants making changes to their spaces as the hybrid/work from home policies become more entrenched.

For the first time in years, street front/retail vacancy decreased, although only by 1%. This change is mostly due to two factors: 1) Colliers increased their downtown boundaries to keep up with the growth of the downtown core; and 2) the Customs House leased 85% of its vacant retail space.



Source: Colliers

DOWNTOWN DEVELOPMENT

As of May 2024, there are six rental projects and two condo projects under construction in downtown Victoria. Looking forward, 2025 is forecasted to be a record year for the number of units completed. It is encouraging that the supply of residential rental units is increasing.

Downtown Victoria Large-Scale Development Activity

	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025**
Condos (# units)	122	162	120	290	390	336	0	262	0	0
Rentals (# units)	176	171	352	195	90	244	0	405	130	680
Retail (sq. ft.)	18,690	13,957	39,855	67,252	20,001	53,761	0	15,862	7,986	32,711
Office (sq. ft.)	0	11,087	278,963	0	0	0	0	15,500	0	153,747

*Completed and expected to complete. **Estimated completion in 2025 Source: Citified Media

HOUSING COSTS AND AVAILABILITY

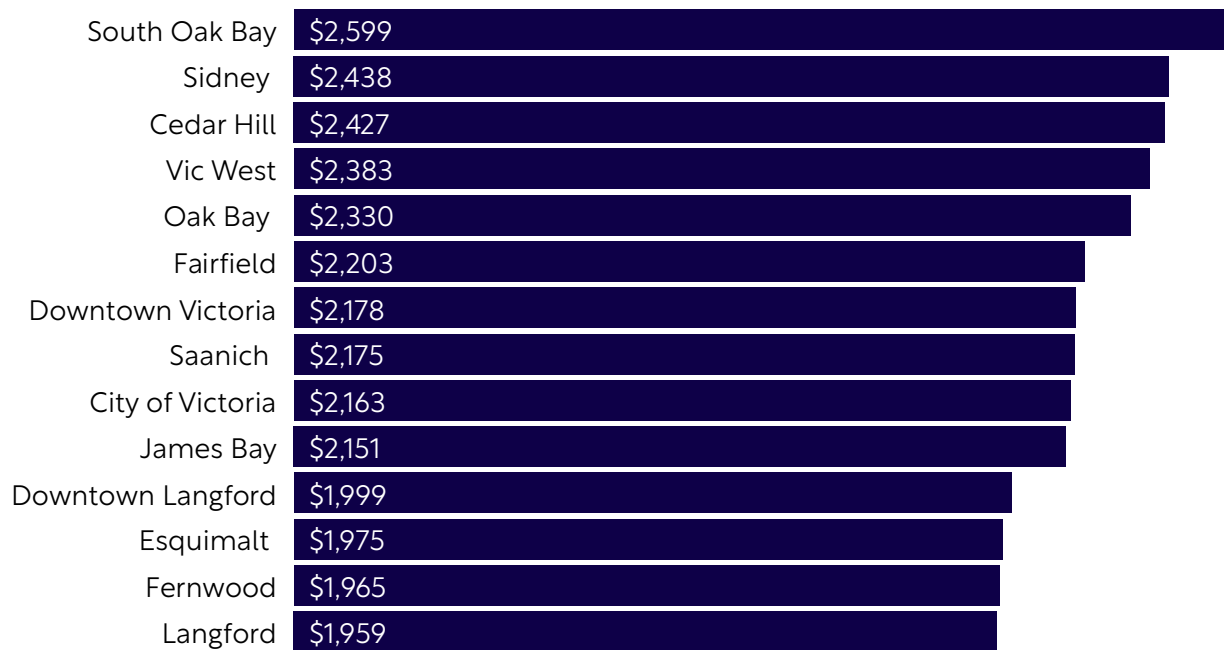
Overall, the vacancy rate for Greater Victoria remained stable with an insignificant increase of 0.1%, indicating that renters absorb new supply as soon as it comes available. Rental rates continue to rise further affecting affordability for low-income earners. Low unemployment and strong migration to the city are key factors in the constant demand for rental units.

Rental Market Data Based on a 1-Bedroom 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
2021	1.0%	15,355	\$1,214
2022	1.5%	15,942	\$1,341
2023	1.6%	16,464	\$1,427

Source: CMHC

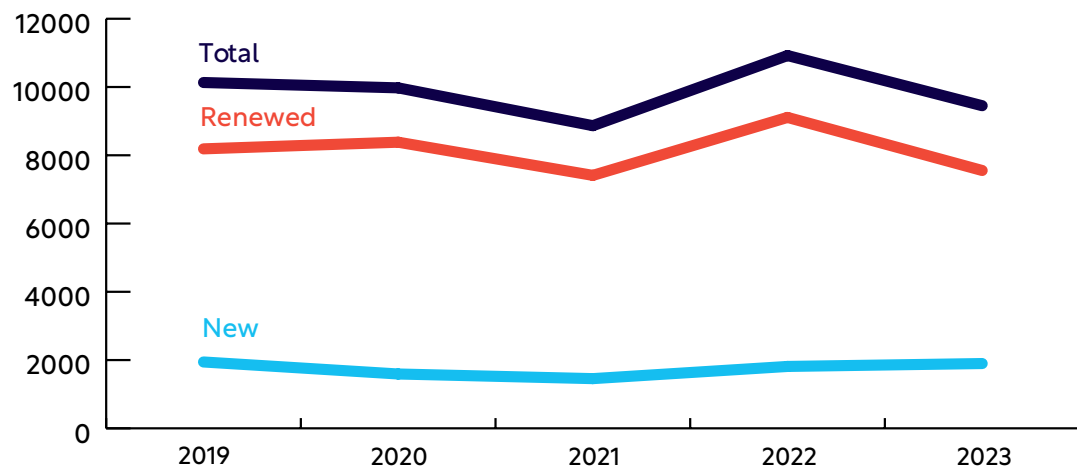
One-bedroom apartment average rent prices (as of May, 2024) in Victoria and nearby communities, according to Zumper.com.



(Data depends on market inventory at time of reporting)

BUSINESS LICENSES

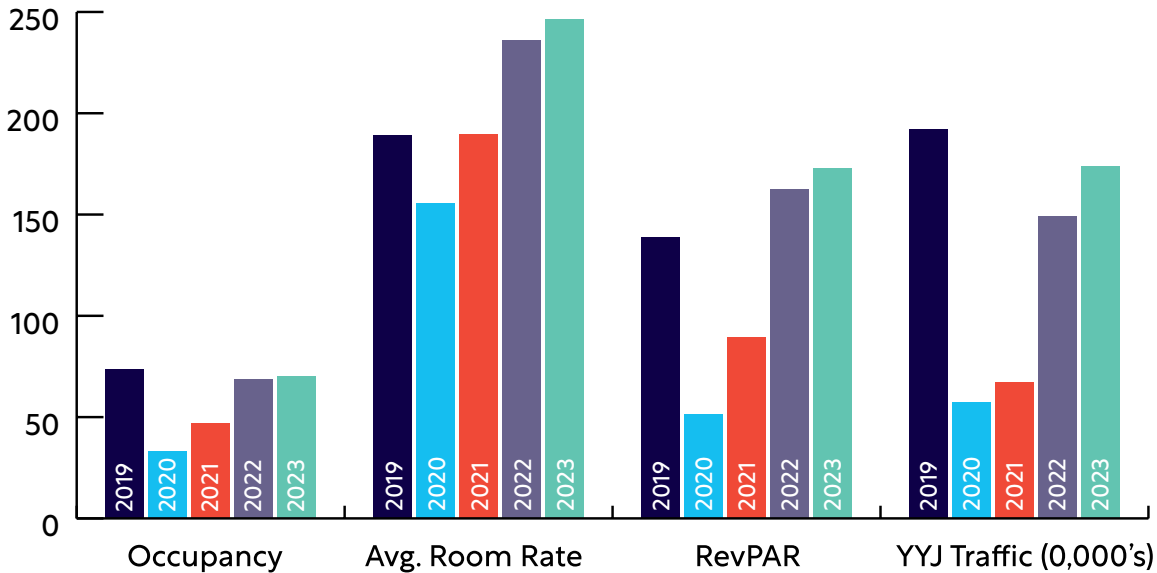
The total number of new and renewed business licenses issued by the City of Victoria in 2023 decreased by 13% from 2022. The number of renewed licenses declined by 17%, while the number of new licenses rose by 5%.



Source: City of Victoria

TOURISM

The key performance indicators for the tourism industry, including hotel occupancy, average room rates, revenue per available room (RevPAR), and airport traffic data show strong performance in 2023. The combination of pent-up demand post-COVID, being a desirable destination, and significant marketing efforts led to the timely recovery of the visitor economy. Unfortunately, tourism is now challenged with the effects of high interest rates and inflation which may hinder visitor spending and travel intentions in 2024.



TECHNOLOGY SECTOR

According to the 2021 Census, there are 1,100 technology businesses located in the Capital Region employing over 9,000 people, and the industry continues to grow. Victoria's tech sector is characterized by a strong talent pool, a collaborative community, supportive government initiatives, a focus on emerging technologies, and proximity to other major hubs, Seattle and Vancouver.

BLUE ECONOMY

As a coastal city, Victoria is becoming a hub of ocean-based, sustainable industries and job creation. The City of Victoria supports innovation and development of this sector by maintaining waterfront lands for light industrial use. Further support comes from the Centre for Ocean Applied Sustainable Technologies (COAST), an accelerator organization created by the South Island Prosperity Project (SIPP) in partnership with national leaders advancing ocean innovation such as Ocean Networks Canada. Victoria is well-positioned to become a world leader in ocean-based technology and earn its share of what is forecast to be a \$3 trillion-dollar global economy by 2030.

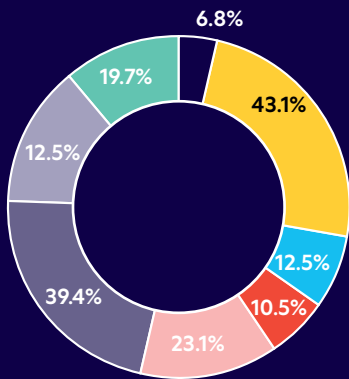
FACTSHEET: DOWNTOWN DRIVABILITY

Let's face it, drivability, including parking, bike lanes, and traffic, is an ongoing challenge in downtown Victoria. For the third year in a row, downtown businesses ranked drivability as the second biggest factor impacting the economic vitality of their business.

1,900
Number of on-street parking spaces downtown

1,850
Number of spaces in City-owned parkades downtown

Downtown Businesses Survey Responses on How to Improve Parking for Customers



- Increased # of short-term spots
- Better coordination between City-owned private parkades
- Improved wayfinding signage for parking lots
- Developer incentives to include public parking in developments
- Improved traffic flow - light timing and priority turn lanes
- Build new city-owned parkade
- Better transit options

Average Hourly Parking Rates in Comparable Cities Across Canada



December 2023

City of Victoria launched real time parking availability for city parkades.



April 2023

BC Transit launches the Blink RapidBus +12% trips between downtown and Westshore

Average Daily Cyclists

Counter Location	2022	2023	% Change
Pandora Ave west of Vancouver St.	1,004	1,111	+10.7%
Fort St. West of Vancouver St.	590	694	+17.6%
Wharf Street-Visitor Info Centre	1,505	1,615	+7.3%
Johnson Street Bridge	1,931	2,100	+8.7%

DOWNTOWN RESIDENTS

Here is a snapshot of our downtown residents as compared to the broader City of Victoria

	City of Victoria (CY)	Downtown
Population	91,867	11,153
Population density	4,722.3	6,196.1
Average household size	1.8	1.5
Average total income	\$54,500	\$57,470
Average age	45.2 years	43.2 years

Home ownership

Owner	39.5%	34.7%
Renter	60.4%	65.2%
Unemployment rate	8.1%	7.4%

% of Residents by Occupation (NOC)

Sales and service	25.5%	23.7%
Business, finance and administration	17.9%	21.9%
Education, law and social, community and government services	16.8%	15.6%
Trades, transport, and equipment operators and related occupations	10.4%	7.2%
Health	9.5%	8.3%
Art, culture, recreation and sport	5.5%	7.0%

Commuting to Work

Commute within census subdivision of residence	63.1%	69.2%
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Main method of commute

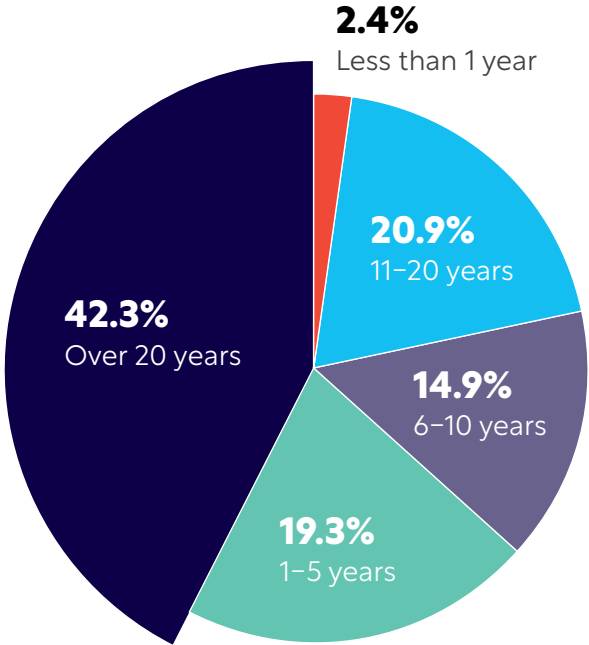
Car, truck, or van	53.3%	37.4%
Public transit	11.1%	11.8%
Walked	22.4%	39.3%
Bicycle	9.6%	5.7%

Note: (All data from 2021 Census, Statistics Canada and compares data for the Victoria CY Census Subdivision to data for 10 Census Dissemination Areas which, together, most closely match the area of the Downtown Victoria Business Association including, DA 59170805, 59170807, 59170809, 59170815, 59170163, 59170164, 59170814, 59170811, 59170298, 59170311.)

DVBA MEMBER SURVEY RESPONSES

The following statistics were gathered from the DVBA member survey, completed by 497 owners/operators of downtown businesses.

LENGTH OF TIME IN OPERATION

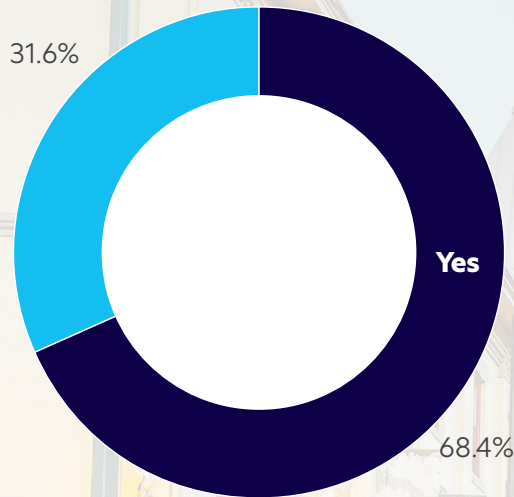


BUSINESSES BY SECTOR

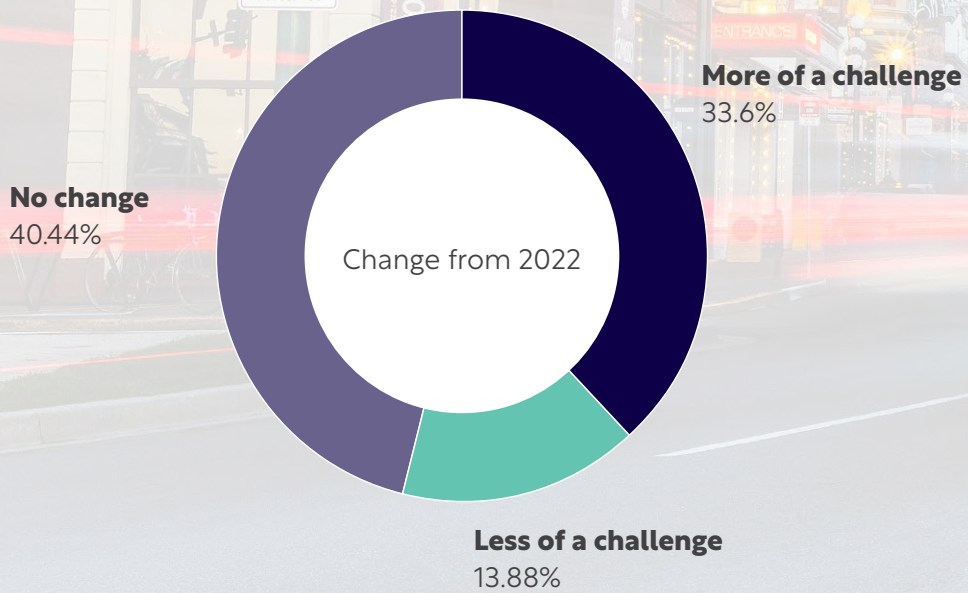


DVBA MEMBER SURVEY RESPONSES CONTINUED

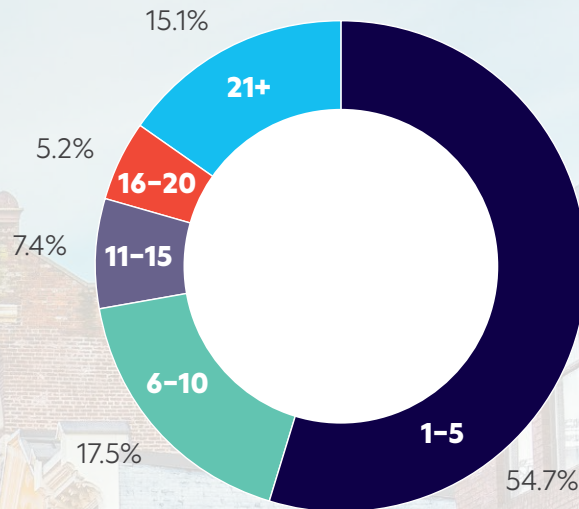
Owner/Operator Resident
of the City of Victoria?



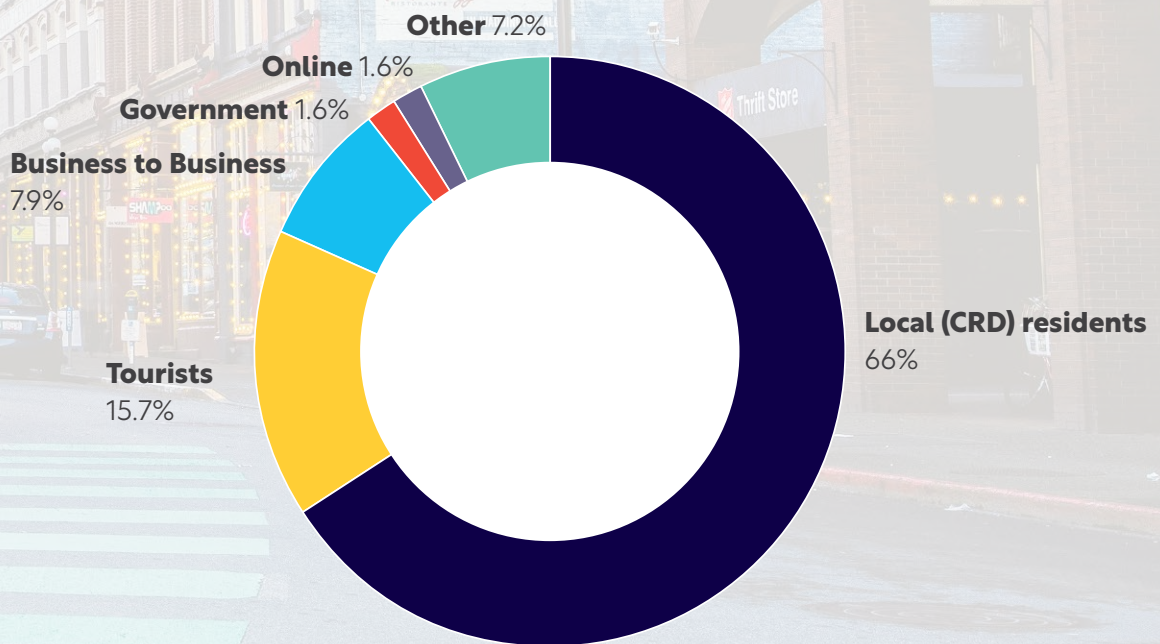
Difficulty in Finding Staff



Number of Full-time Staff



Primary Customers



Please note: several respondents indicated that they were forced to select one option but had a 50/50 split between local and tourists as their primary customers.

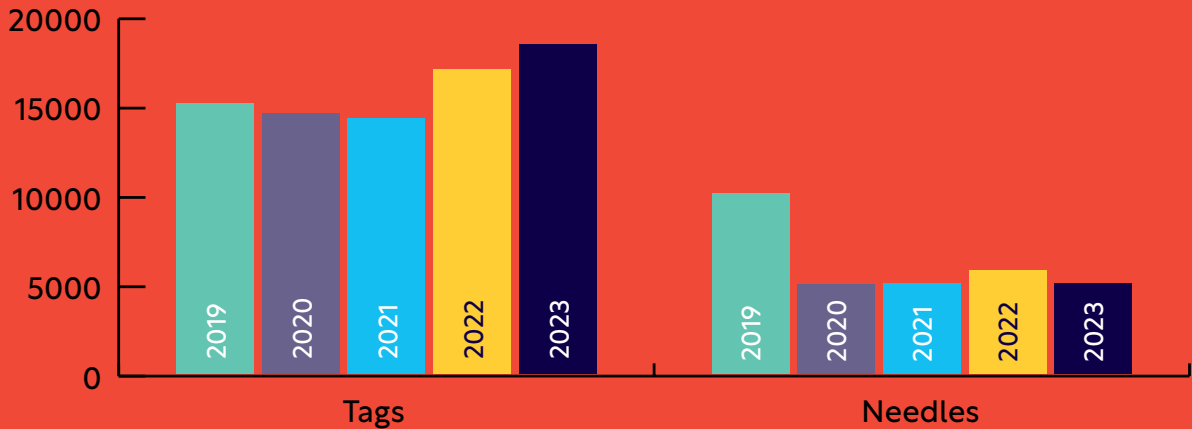


NOTES ON SAFETY DOWNTOWN

This would not be a valuable report on downtown Victoria without addressing the ongoing challenges of safety downtown. Below is some information to help understand the situation downtown.

- In the Victoria Foundation’s 2023 Vital Signs Report, respondents gave Victoria a C+ for safety. In 2022 and 2021, respondents gave the city a B- for safety, and the eight years prior it was consistently a B.
- “Customer perceptions of downtown” remains the primary factor negatively impacting to the economic vitality for downtown businesses (outside of parking and safety issues).
- 65.9% of survey respondents saw “some” or “significant” increase in 2023 in the impact of street crime on their business compared to 2022.
- The DVBA called for a reversal of the decriminalization pilot that allowed for the possession and consumption of a small amount of drugs for personal use. The provincial and federal governments recently partially revised this policy to make it an offence to use drugs in public spaces.
- According to the Victoria Police Department’s Community Safety Report, perception of crime levels and calls for service remained virtually unchanged in 2023 compared to 2022.
- The provincial government has created a plan to help keep British Columbians safe – the Safer Communities Action Plan.
- In August 2023, the City of Victoria convened a Community Leaders Panel to guide the development of a Community Safety and Wellbeing Plan. This plan will be presented to council in October 2024 and will include immediate and long-term interventions to reduce crime and public disorder.
- Victoria’s City Council took a significant step towards addressing the challenges downtown by voting to fully fund the Victoria Police Department budget. The 7% increase to Victoria Police will go towards additional staffing and services needed to manage the challenges downtown.
- The Victoria Police Department created an online crime reporting tool to make reporting non-emergency incidents quick and easy for businesses.

Clean Team Graffiti Tag Removal and Needle Disposal





DOWNTOWN PROUD

A healthy downtown is a place people want to live, visit, and work. A diverse mix of residents and businesses, offering activations, activities, and events ensure the ongoing vibrancy and prosperity of the area. The current narrative of downtown Victoria is dominated by social issues impacting the area's businesses, workers, residents, and visitors. These are complex problems and there are many players – social agencies, law enforcement, civic organizations, and multiple levels of government – all engaged in finding and funding solutions.

Despite the challenges, 54% of DVBA member survey respondents indicated they have no plans for change to their business (i.e. moving, closing) and 14.5% indicated that they will be expanding their presence downtown. Additionally encouraging is the fact that 42.5% of survey respondents have been in operation in downtown Victoria for 20 years or more.

The challenges facing the area notwithstanding, downtown Victoria offers a myriad of positive attributes often neglected when focusing on the issues, such as:

- A diverse mix of residential, office, and retail space
- A strong arts and culture sector
- Walkable streets and a Walk Score of 99 – a “Walkers Paradise” according to Walkscore.com
- A charming mixture of heritage and modern buildings
- Bicycle friendly community and infrastructure – Bike score of 96
- Beautiful natural waterfront setting on the harbour
- Sustained strong property values
- The lowest office vacancy rate in Canada – 7.1% for 2023 according to Colliers Canada Office Report Q4, 2023.

Victoria also benefits from an engaged community and municipal government, including organizations and programs such as the following:

- An active downtown business and economic development community represented by the Greater Victoria Chamber of Commerce, VIATEC, Destination Greater Victoria, the Hotel Association of Greater Victoria, the DVBA, South Island Prosperity Project (SIPP), the Urban Development Institute, and many others
- City of Victoria \$1 million OUR DWTN revitalization fund focused on beautification, programming, cleaning and enhanced safety, and the activation of downtown spaces
- City of Victoria's investment in the Safety and Well-being Plan
- SIPP's Arise program to attract business to the region

- City of Victoria’s support of diverse and affordable housing through zoning and improved permitting policies and processes
- Support of the green environment for healthy living exemplified by the City of Victoria’s investment in new parkland at Blanshard and Fisgard
- Investment in bike lanes and pathways to improve connectivity, community, and sustainability

Additionally, significant ongoing investment in business and infrastructure in the area keeps our downtown on a positive trajectory. In 2023, new developments and new businesses within downtown included:

- Developers – Salient developments in Chinatown and on Fort Street, Cox Developments - “Wedge” and “Skinny” towers; Chard Developments “Haven” and “Nest” high rises, and more.
- Corporations - Telus Ocean building – modern and innovative design, 450 new jobs, new office space, revitalize the harbour area
- New retailers – Gabriel Ross, Swatch, plus small business expansions such as the Vend/the Vend Slowly and Oni Oni/Otaki
- New restaurateurs – Top Table Group (Marilena), Tombo, Rudi, Kahuna Burger, OEB, Chipotle (coming soon)
- David Foster walkway
- New Belleville Ferry terminal – Estimated cost \$308 million and due to complete in 2028

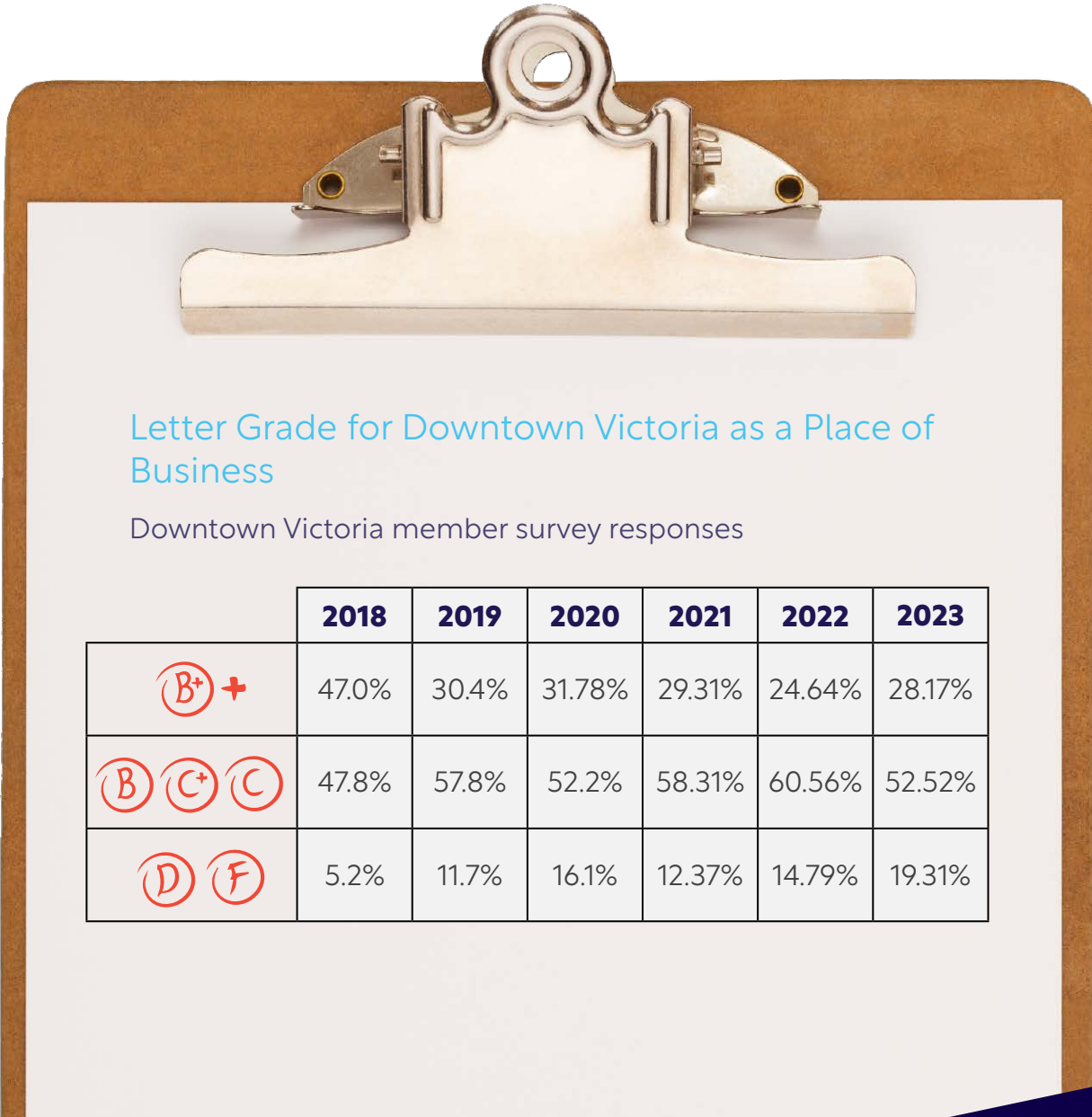
Finally, Victoria consistently receives recognition as a tourist destination and as a wonderful place to live. These include:

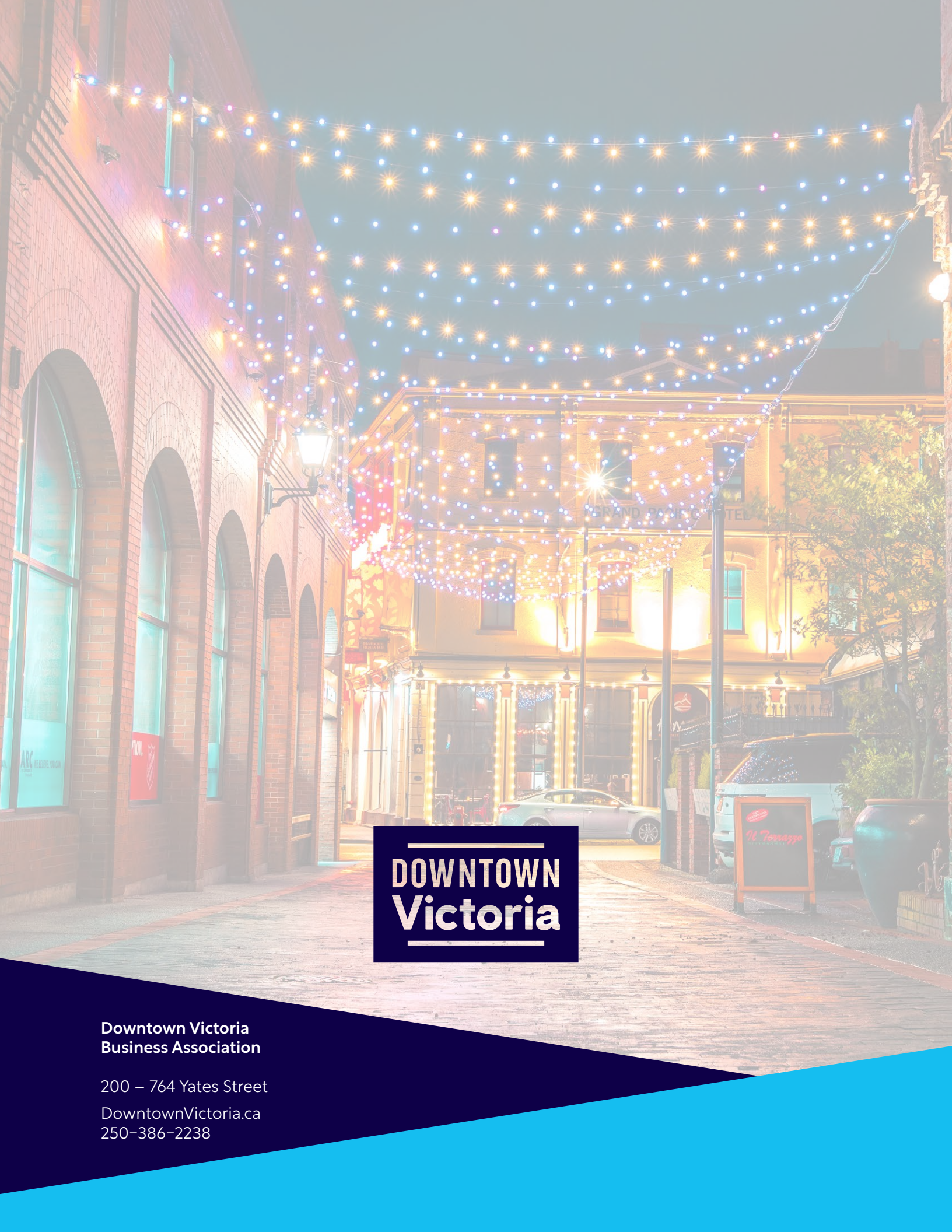
- #1 Friendliest City in the World – Conde Nast Traveler Readers’ Choice Awards (US)
- #3 Friendliest City in the World – Conde Nast Traveler Readers’ Choice Awards
- Good Housekeeping 2024 Family Travel Awards Must See City
- #1 Best Small City in the World – Conde Nast Traveler Readers’ Choice Awards
- #1 City in the World – Conde Nast Traveller Readers’ Choice Awards
- Sunset Magazine’s 2023 Travel Award Winer – Best City Getaways
- #1 Most Walkable Destination Outside of the US – Travel Awaits
- #1 Best Midsize City in the World – Travel Awaits
- #2 Favourite City in Canada – Travel + Leisure Readers’ 5 Favourite Cities in Canada
- One of the Top 10 Friendly Cities in the World – Conde Nast Traveler

LETTER GRADE

An ongoing paradox exists in Victoria. As identified in this report, downtown Victoria has economic advantages, healthy industries, significant development, and is a beloved destination for tourists. At the same time, when asked to assign a letter grade to operating downtown, almost one out of five business survey respondents gave downtown a D or F. Affordability and safety concerns cannot be ignored. These challenges are not unique to Victoria, they are shared throughout BC, and require provincial government intervention. The DVBA partners with BIAs and other aligned organizations across the province to advocate for additional investment in mental health and addictions treatment, compassionate enforcement of laws, and consideration of involuntary treatment for sentenced repeat offenders. Downtown business owners are compassionate, but watching people suffer without end is straining and the impact on their customers is real. In this election year, the DVBA will advocate for a commitment from the province to make meaningful change.

We look forward to continuing to work towards a stronger and healthier downtown for everyone.





DOWNTOWN Victoria

**Downtown Victoria
Business Association**

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