



COUNCIL REPORT

Report Date: October 31, 2023
Contact: Chris Robertson
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RTS No.: 15772
VanRIMS No.: 08-2000-20
Meeting Date: November 14, 2023
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: General Manager of Planning, Urban Design and Sustainability
SUBJECT: Industrial Modernization and Intensification Framework – Updates and Policy Recommendations

Recommendations

- A. THAT Council receive the following for information:
 - i. A summary of current industrial and office market conditions, attached as Appendix A;
 - ii. A summary of feedback received from industrial space users, including technology businesses, attached as Appendix B.
- B. THAT Council receive for information, an update on the implementation of the Industrial Modernization and Intensification Framework, outlining actions completed and actions underway, as described in this report.
- C. THAT Council approve the update to the City's 1995 Industrial Lands Policies, to facilitate the supply of additional spaces and maintain the diversity of employment uses on the city's industrial lands, as presented in Appendix C.
- D. THAT Council direct staff to undertake a review of zoning regulations in the Railtown area as presented in this report and report back to Council with recommendations for quick start actions.
- E. THAT Council direct staff to report back on the scope and resources needed for future planning work in the South Vancouver Industrial Area as presented in this report.

Purpose and Executive Summary

This report provides Council with updates and recommendations regarding the City's ongoing work to modernize and intensify industrial lands. The report contents are informed by and respond to two recent motions adopted by Council in January 2023:

1. Industrial Modernization and Intensification Framework Development Process Update
2. Supporting and Expanding Vancouver's Tech Hubs, Clusters, and Districts

This report provides Council with:

- An update on market conditions,
- An overview of the actions the City is taking to protect and intensify industrial lands,
- Recommended updates to the City's 1995 Industrial Lands Policies, including strategic directions to ensure space for technology businesses in Vancouver, and
- Recommendations for future area planning work in Railtown and the South Vancouver Industrial areas.

Council Authority / Previous Decisions

- [Employment Lands and Economy Review Phase 2 Report](#) (2020)
- [Vancouver Plan](#) (2022)
- [Making Space for Arts and Culture](#) (2019)
- Council Motions: [Industrial Modernization and Intensification Framework Development Process Update](#) (2023) and [Supporting and Expanding Vancouver's Tech Hubs, Clusters, and Districts](#) (2023)

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

REPORT

Policy Context and Background

Industrial lands provide space for diverse employment opportunities and key city-serving commercial activities that support other businesses, workers and residents. At the same time, these areas also provide a variety of functional spaces for technology businesses that play an important role in attracting investment from outside the regional economy, driving economic growth and job creation in the local community.

Through ongoing research and engagement work, City staff have identified a number of key challenges with respect to industrial land use policy in Vancouver:

1. The demand for space on the city's limited industrial lands is extremely high, resulting in persistently low vacancy rates and high industrial rents. Industrial rents have increased by over 80% over the past 5 years.

2. The diversity of businesses in Vancouver’s industrial areas is a source of economic resilience that should be supported over the long term.
3. While industrial zoning is able to deliver multi-storey projects, regulations have become complex and restrictive, creating barriers for adding industrial supply.

In response to these challenges, City staff are continuing a program of work with industry to modernize and intensify industrial lands, helping to facilitate additional supply in the market while maintaining opportunities for a diverse mix of businesses. The work builds on the directions in the Phase 2 Report of the Employment Lands and Economy Review, received by Council in October 2020. The work is also aligned with recent Council motions.

Discussion

Update on Industrial and Office Market Conditions and Trends (Recommendation A)

Industrial zoning in Vancouver permits the development of both industrial and non-industrial employment spaces on industrial lands. Staff are continuing to engage with business operators and real estate experts to inform the City’s understanding of market conditions and trends for both industrial and office spaces. A summary of current conditions in these markets is summarized below (Table 1), with additional detail provided in Appendix A of this report.

Table 1: City of Vancouver Office and Metro Industrial Market Conditions – Q3 2023

Metro Vancouver Industrial Market	Downtown Vancouver Office Market
Vacancy Rate: 1.23%	Vacancy Rate: 11.9%
<i>up from 1.00% in Q2 2023</i>	<i>up from 8.4% in Q2 2023</i>
<i>up from 1.02% in Q3 2022</i>	<i>up from 7.0% in Q3 2022</i>
Average Rent: \$21.50/ft ²	Average Rent: \$38.56/ft ²
<i>up from \$20.96 in Q2 2023 (+2.5%)</i>	<i>down from \$38.88 in Q2 2023 (-0.8%)</i>
<i>up from \$18.23 in Q3 2022 (+17.9%)</i>	<i>down from \$40.91 in Q3 2022 (-5.7%)</i>

Source: CoStar / Colliers

In the industrial market, low vacancy and rising rents are resulting in growing interest in the development of stacked industrial buildings that include multiple levels of industrial space with floors for non-industrial activities positioned above them. The city is also seeing increased interest in the stratification of these buildings and the inclusion of office spaces with amenities for workers and access to outdoor space. In addition, the loss of affordable artist studio spaces in the city’s industrial areas is a significant concern that needs to be considered in land use planning and regulations, especially as remaining studios become more vulnerable. As their primary use, artist studios are critical for arts and culture production and, if eligible for the Arts Event Licence, may occasionally host events and performances.

While recognized as a key driver of demand for office spaces in the city, particularly in the Downtown peninsula, innovative technology companies also need access to a broad range of different spaces, including laboratories, testing facilities, work shops and production studios. In this regard Vancouver’s industrial areas allow these technology businesses to co-locate a number of key employment spaces in the same or adjacent sites.

In order to ensure that the long range land use policies presented in this report appropriately balance the diverse needs of industrial land users in Vancouver, staff have undertaken a series of targeted engagement events to supplement the City’s research on market conditions and development trends. Workshops with industrial space users, developers and technology businesses were held in September and October 2023. Feedback from the technology industry was further sought through an online survey targeting senior leaders and real estate decision

makers in the local tech sector. A summary of the survey findings and workshop comments are presented in Appendix B. In general, staff have heard that the City’s policy approach for the intensification of industrial lands is appropriate given the challenges that local businesses are facing in these areas.

Actions to Protect, Modernize and Intensify Industrial Lands (Recommendation B)

The City is taking action to intensify and modernize industrial land. The actions previously endorsed by Council and listed below serve to both increase the supply of space while also ensuring opportunities for diverse businesses, including businesses in the technology sector:

- Allowing for additional industrial and non-industrial density along 2nd Avenue in the Mount Pleasant Industrial Area (RTS 14082 – New I-1C Zoning – 2021)
- Simplification of mixed-use zoning in the False Creek Flats (RTS 14544 – FC-2 Zoning Amendments – 2021)
- Allowing for additional industrial and non-industrial density in the Marine Landing Employment Lands (RTS 14381 – Marine Landing Policy Updates – 2021)
- Limiting mini-storage uses in city-wide industrial zoning (RTS 14969 – Regulating Self Storage Uses – 2022)
- Allowing for additional industrial and non-industrial density in the Mount Pleasant and Burrard Slopes industrial areas as well as reducing barriers and introducing incentives for industrial artist studios (RTS 15595 – Broadway Plan Implementation – 2023)
- Introducing new industrial spaces guidelines to guide the delivery of functional industrial spaces city-wide (RTS 15595 – Broadway Plan Implementation, Appendix C – 2023)

Staff have also brought further amendments to the Zoning and Development By-law through a companion report (RTS 15770), for referral to public hearing in November 2023, to continue modernization and intensification actions, as summarized below.

- Amendments to improve flexibility and reduce complexity.
 - Removal of restrictions on specific professions under the General Office use and addition of Health Care Office use within permitted Office density allocation,
 - Increase of maximum density for industrial service uses from 1.00 FSR to 3.00 FSR, and
 - Removal of sub-area limitation on Artist Studio - Class B as an industrial use and clarification of activities included in this use definition.
- Amendments to incentivize the delivery of shared, affordable, work-only artist studios through the introduction of a density bonus to increase the maximum density for developments where space for Artist Studio - Class B use is provided.
- Amendments to align regulations, remove outdated clauses and correct unintended errors.

In addition, the Industrial Modernization and Intensification Framework Development Process Update Motion included direction to staff to provide an overview of regulatory and policy changes that could be considered by Council to evaluate the concept / principle of one-for-one

and two-for-one land swaps to facilitate the preservation and intensification of the city's industrial and employment lands.

- Engagement and research on this complex and multi-jurisdictional process is ongoing.
- Staff anticipate reporting back to Council on the results of this evaluation in the latter half of 2024.

Update to the City's 1995 Industrial Lands Policies (Recommendation C)

Endorsed by Council in 1995, the City's Industrial Lands Policies (the 1995 Policy) provides high-level guidance on the use and development of industrial land in the city. In the intervening years, following the adoption of the policy, community plans and area-specific Council policy were developed and approved for a number of the areas covered by the 1995 Policy. As part of the City's ongoing work to simplify, clarify and modernize land use policy and regulation, staff are recommending the replacement of the 1995 Policy with the updated Industrial Lands Policies presented as Appendix C in this report (the Updated Policy) and summarized below.

A. Overall Objectives

Building upon the planning and engagement work completed through the Employment Lands and Economy Review, the Metro Vancouver Industrial Lands Strategy and the Vancouver Plan, the Overall Objectives section of the Updated Policy reflects the City's commitment to industrial lands city-wide and seeks to:

- Protect industrial lands for employment uses,
- Enable a balanced approach to intensification, providing space for a diversity of users,
- Prioritize production, distribution and repair activities at grade while permitting lighter-impact, hybrid industrial and technology uses on upper-level industrial floors.
- Monitor activities and conditions in industrial areas and amend regulations where needed to ensure space for a diverse workforce

B. Area-Specific Policies

In order to ensure space for a wide range of economic activities across the city, area-specific plans and policies have been developed to address the unique nature and role of specific communities. The Area-Specific Policies section of the Updated Policy defers to these plans for guidance on specific industrial areas to avoid duplication and conflicts. A table is provided in this section which lists the city's industrial areas along with applicable Council-approved area plans for each.

C. Rezoning Policies

The last section of the Updated Policy provides guidance on the limited cases where the City can consider rezoning of industrial lands. In the evaluation of these cases, the City will adhere to the Overall Objectives outlined above and the City's commitments to Metro Vancouver through the Regional Growth Strategy. In addition, City staff will account for the health and wellbeing of residents, the operational viability of industrial activities over the life of the project,

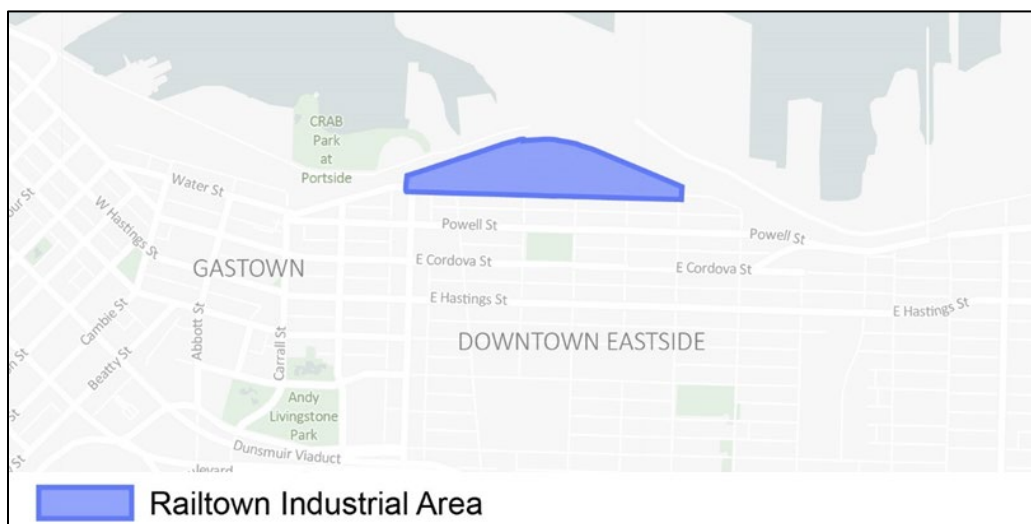
support for transit ridership and seek ways to mitigate land value escalation to protect the long-term financial viability of employment-only developments on industrial lands.

Keeping in mind that 93% of the city's land area allows for residential use and only 7% is designated for employment only, the City should only consider the rezoning of industrial lands for non-industrial uses under the following cases:

- 1) Rezoning of industrial land should only be considered if it is enabled by a Council approved area plan or policy.
- 2) Rezoning applications may be considered for minor amendments to the non-residential uses permitted in existing zoning by-laws so long as amendments do not relate to height or density increases and are supported by Council in advance of the rezoning process through an Issues Report or other policy statement.
- 3) In alignment with the Metro Vancouver Regional Growth Strategy policy provisions that allow municipalities to consider affordable and rental housing on employment lands within 200 metres of rapid transit stations, the City will only consider such sites that have also been identified for the inclusion of affordable rental housing as part of a Council approved area plan. This provision ensures careful consideration of both site specific conditions, adjacencies and fit within the wider area.

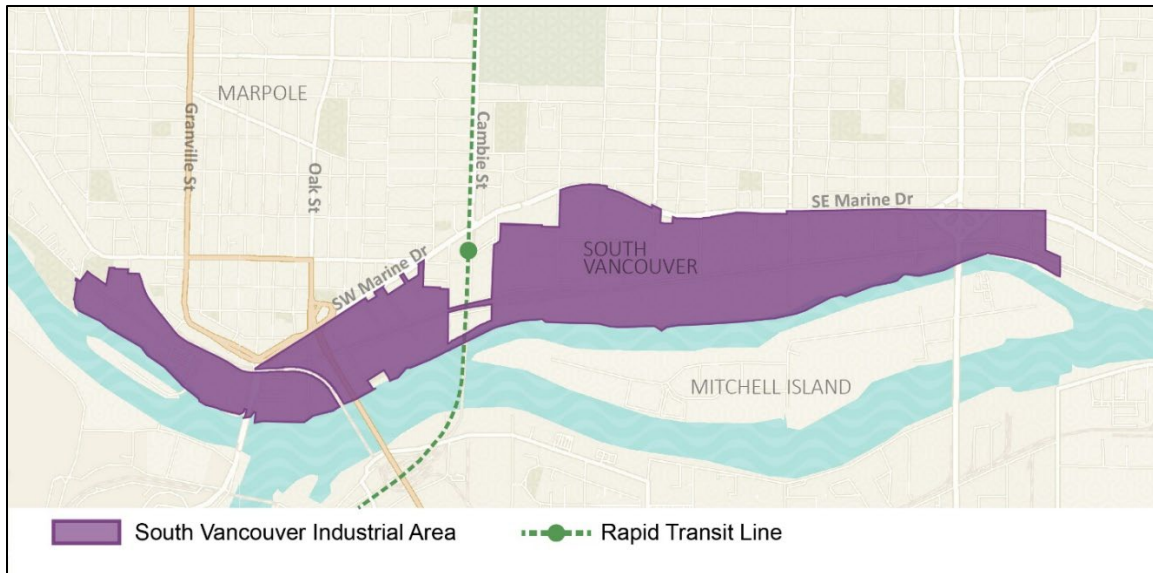
Future Land Use Planning Work

As noted in the previous section, many of Vancouver's industrial areas have been considered as part of recent community planning initiatives. Through continued engagement and research work, staff have identified two areas that would benefit from future planning work to increase the supply of employment space and support existing businesses in the area, including technology businesses. The maps below outline these areas for future work.



- Staff are seeking Council direction to undertake a review of zoning regulations in the Railtown area under Recommendation D.
 - Railtown is home to an established design hub as well as other creative and technology businesses which are seeking more space to expand as well as improve area amenities to facilitate employee access and area vibrancy.

- Staff anticipate undertaking the review in 2024 with a report back to Council at the end of that year.



- Staff are seeking Council direction to report back on the scope and resources needed for future planning work in the South Vancouver Industrial Area under Recommendation E.
 - Comprised of I-2, M-2 and IC-1 zoned parcels, representing one of the last concentrations of large industrial sites over 30,000 m² (approx. 323,000 ft.²), South Vancouver is ideal for production, distribution and repair uses with opportunities for expanding technology applications in the upper levels of stacked build forms.
 - Staff anticipate developing the scope of work and resource requirements for area planning in South Vancouver through 2024, concurrent with the Railtown zoning review. Area planning work, including stakeholder engagement, would then commence in 2025.

Financial Implications

Approval of the proposed policies and directions sought in this report will allow the City to continue work on the protection and intensification of the city's industrial lands. In aggregate, these changes are intended to provide more space options for new and existing businesses, helping to reduce upward pressure on rents and improve the financial outcomes for local businesses. If approved, funding for work under recommendations D and E, in the range of ~\$300,000 will be allocated from the 2024 current state operating budget (subject to Council approval of the final 2024 operating budget).

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Appendix A

UPDATE ON INDUSTRIAL AND
OFFICE MARKET CONDITIONS

A. Industrial Market Update

Demand for industrial space in the Metro Vancouver Region (the Region) has grown exponentially over the past decade. This demand has primarily been attributed to a growing population and the expansion of e-commerce, which requires more warehouse space to ship and store goods¹. Other growing industries in Vancouver's industrial areas include technology based businesses such as those requiring space for biotechnology laboratories or specialized spaces required by the film industry. The COVID-19 pandemic also impacted demand for industrial space as some firms sought to locate more production and warehousing functions locally as a way to mitigate supply chain challenges.

Industrial lands make up only 4% of the total land mass in the Region and vacancy rates have reached record lows, necessitating many businesses to expand their operations to other cities, including those outside the Region, where industrial space is more readily available. This has led to inefficiencies and unsustainable practices as products, arriving at ports in the Region, are shipped elsewhere for storage and processing and then shipped back to the Region for consumption or export¹. While the availability of industrial space continues to be tight, Q3 of 2023 saw the Region's historically low industrial vacancy rate increase to 1.23% (from 1.00% in Q2)².

Demand for industrial space in the City of Vancouver also remains high, with the current industrial vacancy rate decreasing to 2.14% in Q3 2023 (from 2.31% in Q2)². Pre-pandemic vacancy for the City was similar at 2.28% in first quarter of 2020². According to a recent article³ published by Western Investor, industrial vacancy rates are considered "healthy" around the 4.5% to 7% range where there is adequate available space to allow for turnover – with expanding businesses relocating to larger spaces and new or lower-scale businesses taking over smaller units. Thus, vacancy rates in Vancouver and the Region are below what is considered to be a "healthy" industrial vacancy rate.

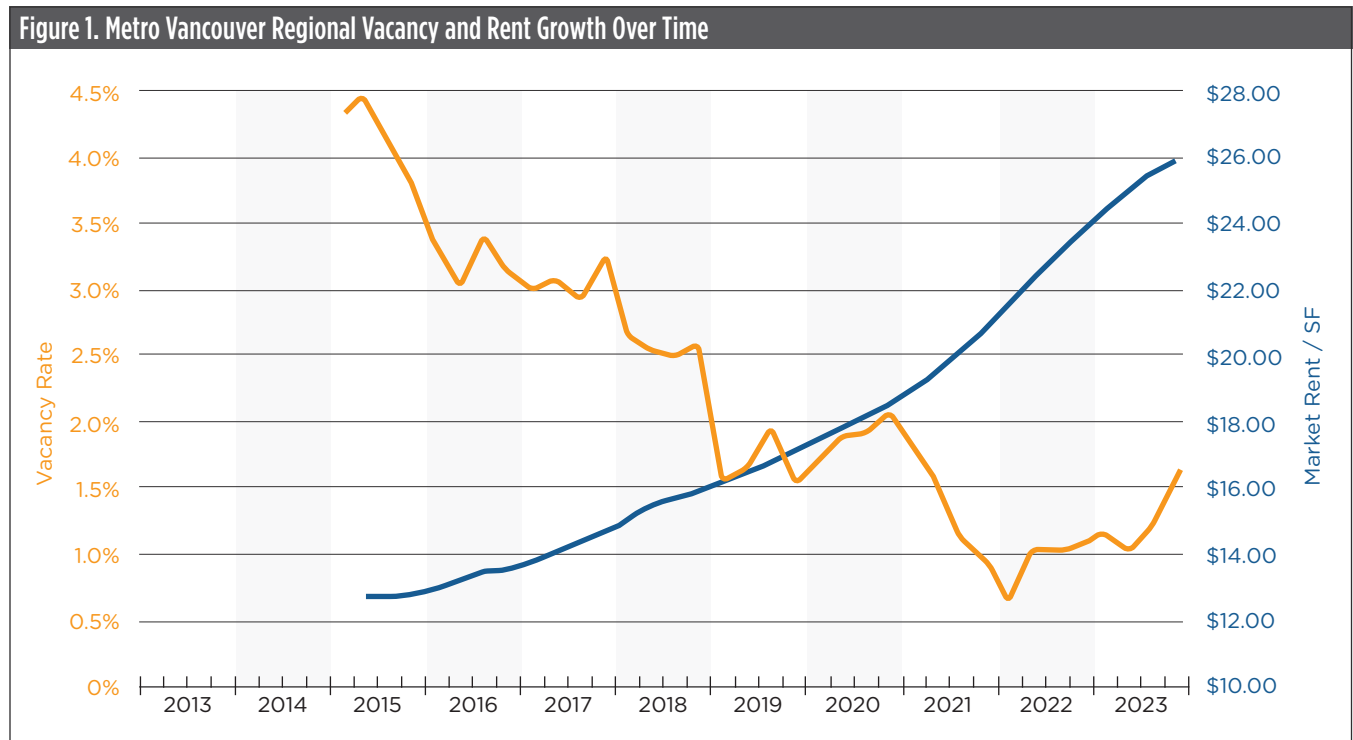
Though vacancy rates have remained low since the last quarter, average industrial rental rates for the Region continue to increase in 2023, this time by 2.5% since the previous quarter, from \$20.96/sf (Q2) to \$21.50/sf (Q3)². Rental rates in the City, have increased at a similar rate to the Region, growing from \$25.24 (Q2) to \$25.86 (Q3) (+2.4%)². Industrial rental rates in the City have increased by almost 13% year over year, from \$22.87 in 2022 Q3².

1. *Economic Impact Study of the Critical Shortage of Industrial Land in Metro Vancouver*, prepared by InerVISTAS with Urban Systems for Greater Vancouver Board of Trade and NAIOP

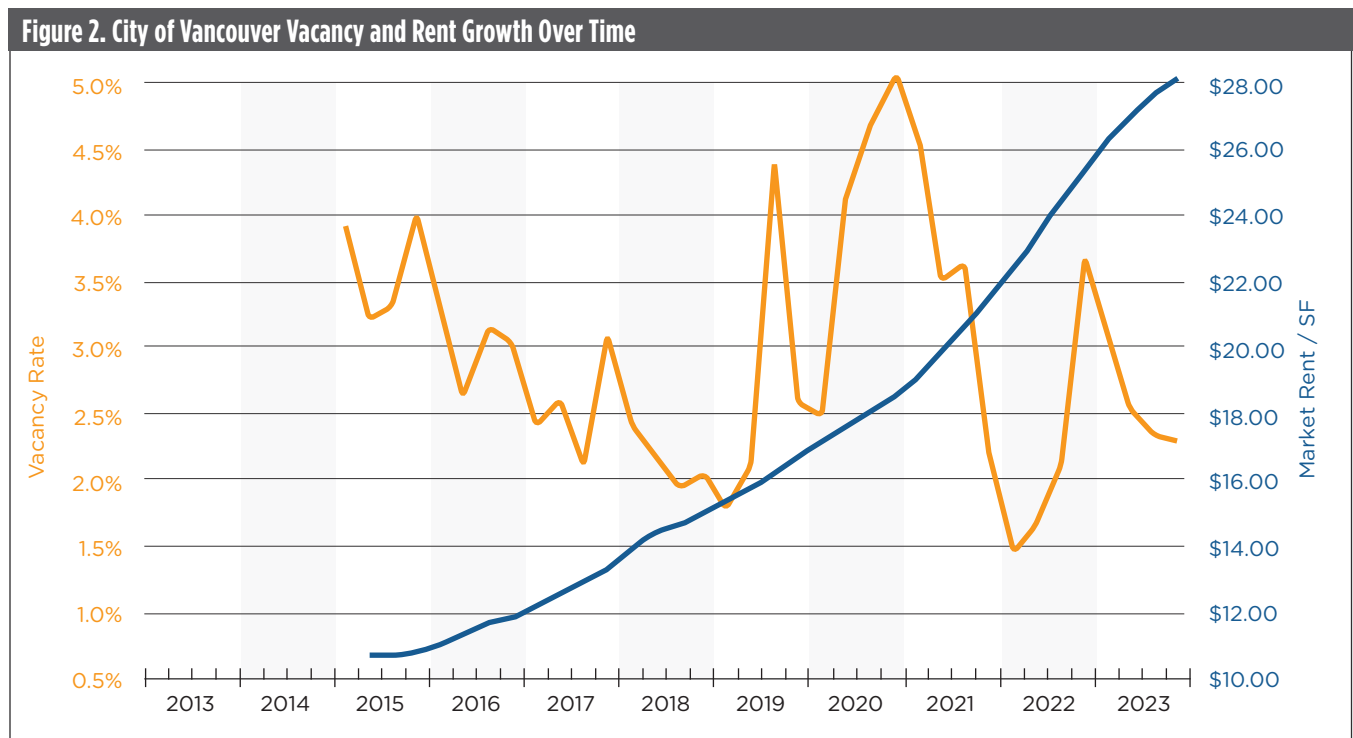
2. *CoStar Group*

3. *No relief for Metro Vancouver's industrial land shortage*, 2023 July 21, *Western Investor*

Figures 1 and 2 below show the long-term escalation of Industrial asking rents starting in 2015, up 143% for the city, and 147% for the Region².



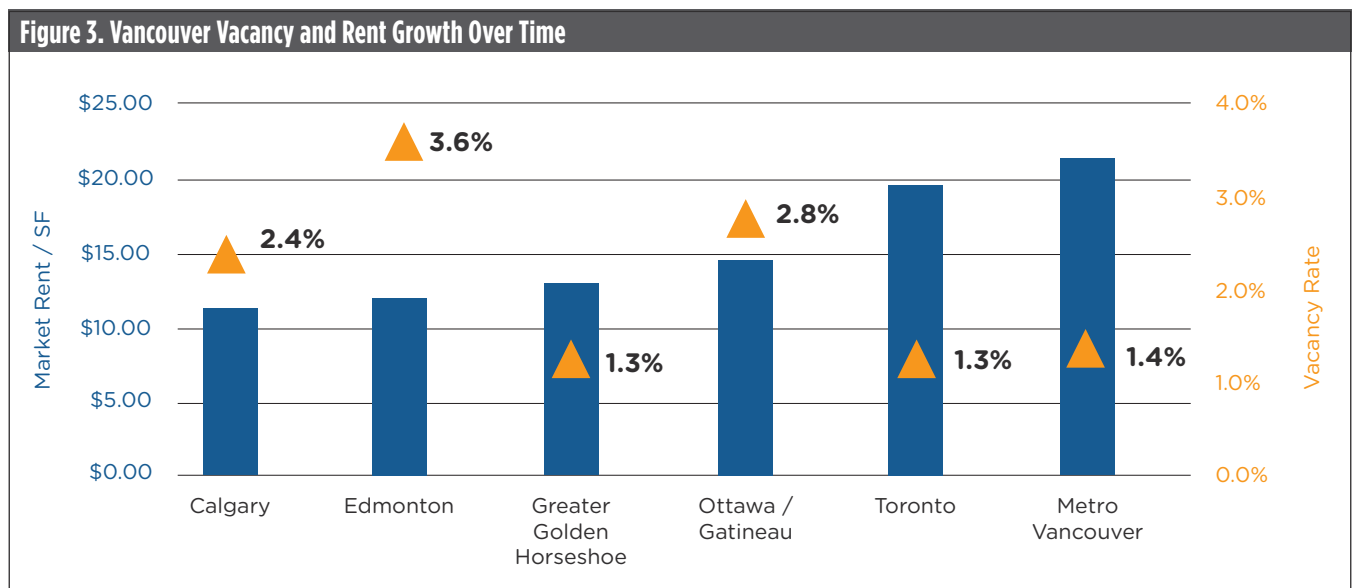
Source: CoStar, Industrial Vacancy Rate and Asking Rents Per Square Foot. Extracted 2023-10-12



Source: CoStar, Industrial Vacancy Rate and Asking Rents Per Square Foot. Extracted 2023-10-12

Feedback from engagement with various industrial business operators in Vancouver aligns with the data in **Figure 2**. According to a recent 2023 survey of Vancouver technology businesses, despite high prices, companies' value having a presence in the central city for various reasons including opportunities to transit, walk or bike to work, being close to restaurants or shops, and area character. To address this, some business operators have opted to split their spaces into two, locating warehousing functions in adjacent municipalities (e.g. Burnaby and Richmond) where greater space options exist. Appendix B in the Industrial Modernization and Intensification Framework Update Report (RTS 15772) provides more information on this survey.

Additionally, Vancouver has the highest rent, and the third lowest Vacancy rate for Industrial space when compared to other cities in Canada (see **Figure 3**).

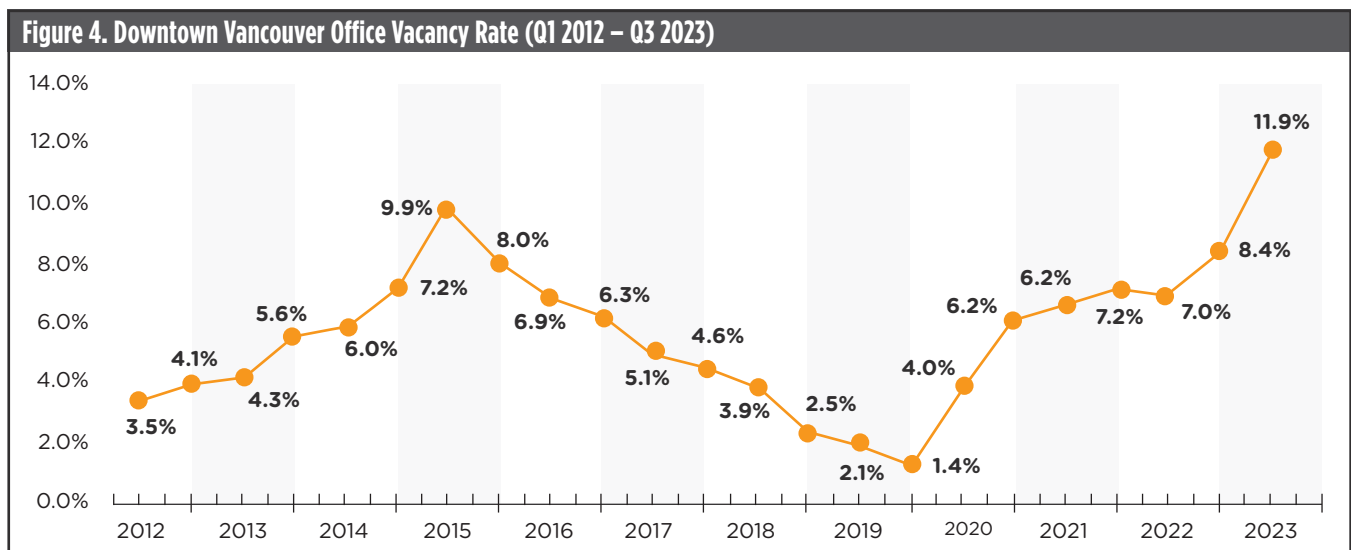


Source: CoStar Group

B. Office Market Update

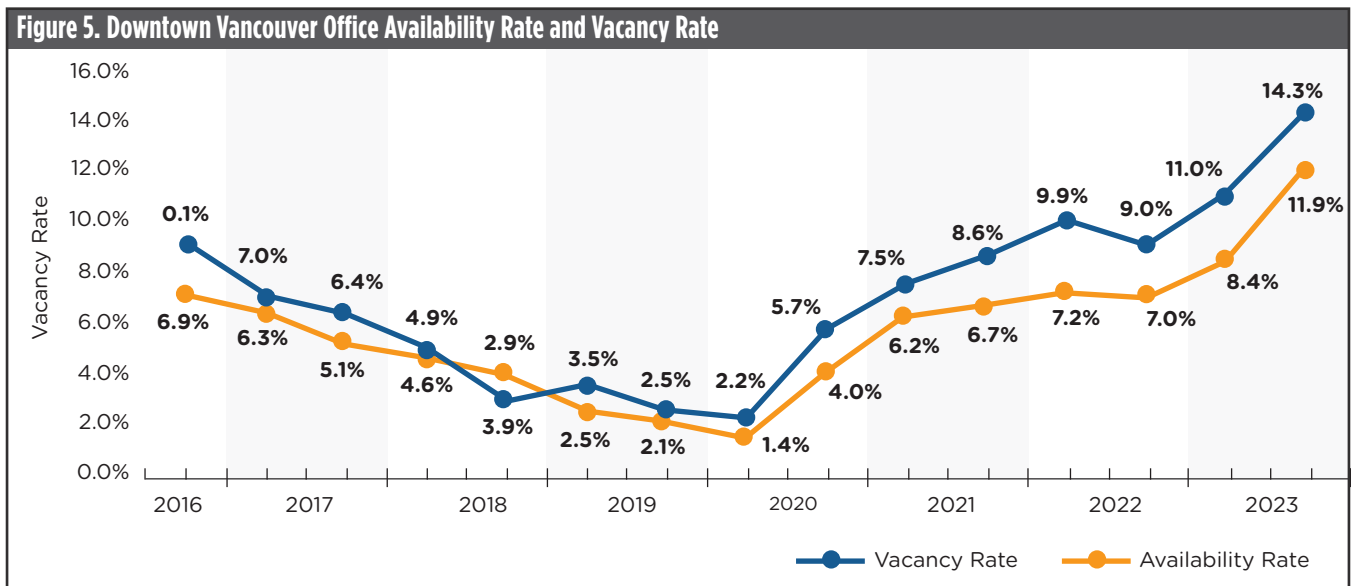
VACANCY & ABSORPTION RATES

Despite having one of the highest rates of employees returning to the office in Canada, numerous businesses in the Greater Vancouver Area are in the process of fine-tuning their office space needs to accommodate the increasing popularity of hybrid work and the evolving dynamics of in-office activities⁴. Between Q1 2020 (record low vacancy rate) and Q3 2023, 1,089,966 square feet of office space was completed in Vancouver (~3% of total stock)⁴. The changing way we work, coupled with the delivery of a significant amount of new space at the end of a robust office construction cycle, has pushed the Q3 2023 Downtown Vancouver office vacancy rate to 11.9%, up from 8.4% in Q2 (see **Figure 4**)⁴.



Source: Colliers International

Unlike the vacancy rate which only measures the amount of space that is vacant and available for lease, the office availability rate also includes occupied space that is available as a sub-lease from the current tenant. Given recent interest by some tenants in sub-leasing their space, the downtown Vancouver availability rate has increased to 14.3% in Q3 2023 (see **Figure 5**)⁴.



Source: Colliers International

It is expected that both vacancy and availability will remain elevated for some time as new projects complete and office tenants right-size their space needs. As demand for newer, flexible and healthier space continues, a “flight to quality” will see large corporate occupiers at the end of their lease moving to new class AAA office space, providing opportunities for other tenants to expand or move to space that was previously out of reach. Older office stock can provide more affordable options and may need to be renovated to attract and retain tenants.

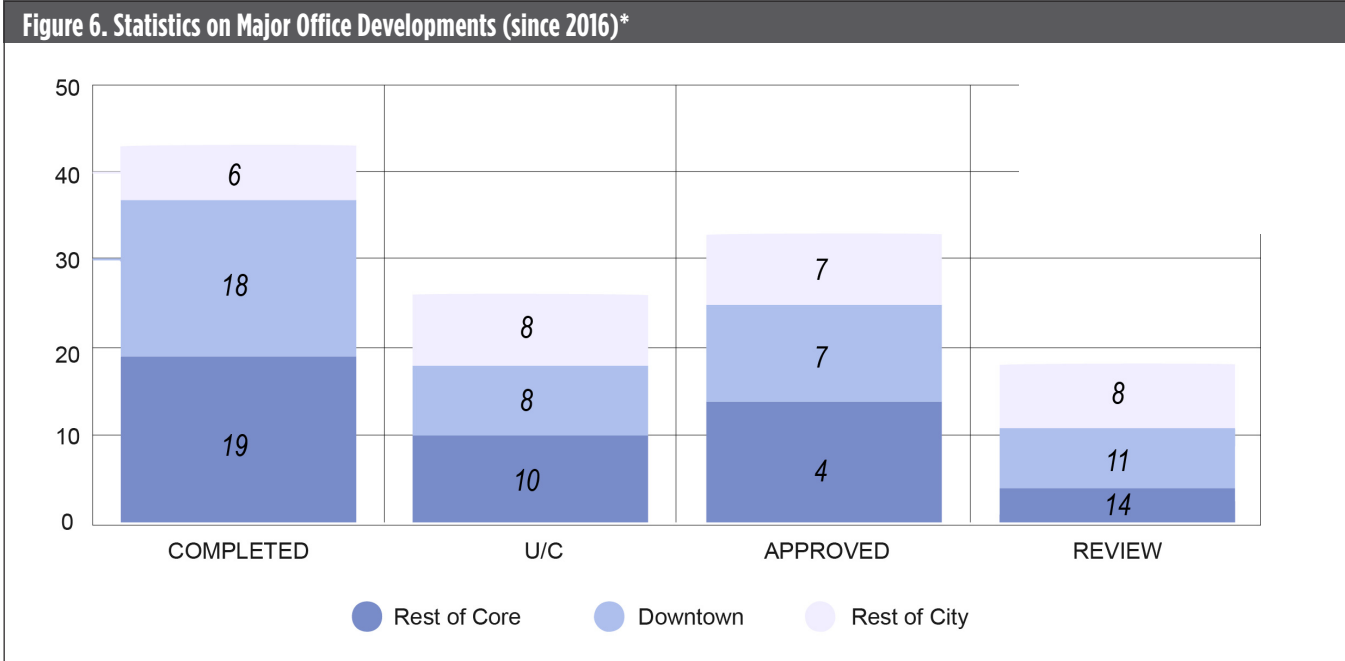
Additionally, local experts are advising that overall demand remains high relative to other cities. Despite steadily rising rates since 2020, office vacancy in downtown Vancouver remains one of the lowest of Canada’s metro cores in 2023, behind only Toronto where the current downtown Vacancy rate is 11.0%⁴. Other cities, such as downtown Montreal have a 14.3% vacancy rate, while downtown Edmonton’s vacancy rate currently sits at 20.3%, and Calgary is facing a 29.5% vacancy rate⁴.

VANCOUVER DEVELOPMENT PIPELINE

Vancouver is approaching the end of its most recent office development cycle, which resulted in an increase in overall vacancy as substantial new downtown space was delivered vacant in 2022 and 2023^{4,5}. Between Q1 2020 (record low vacancy rate) and Q3 2023, 1,089,966 square feet or 3% of the current office supply (32,473,543 square feet) was added⁴. Since 2015, 8 million square feet of new office space has been added to the supply downtown accounting for approximately 25% of the total supply⁴. As of Q2 2023, the City’s development pipeline tracking shows that most major office development is located in the Downtown and “Rest of Core” areas such as Broadway Corridor (**Figure 6**).

4. Colliers International

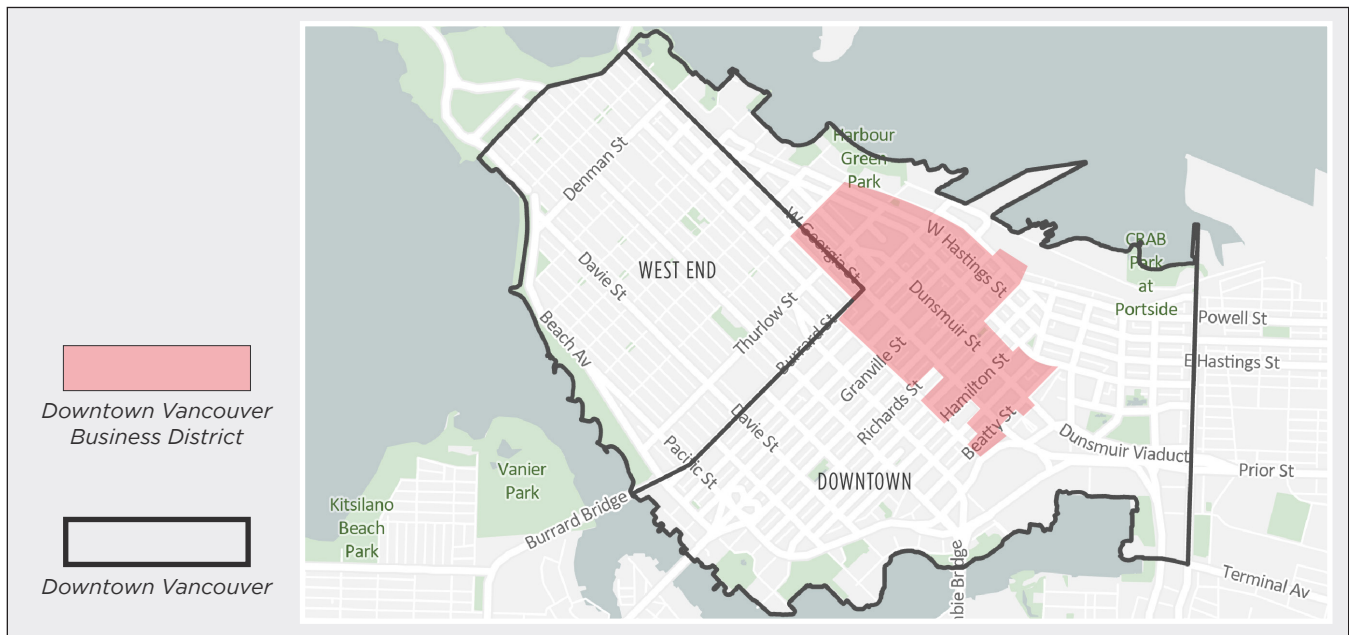
5. The term, “delivered vacant” refers to space in newly completed buildings that has not yet been leased.



Source: City of Vancouver development tracking, Costar and BC Assessment Data 2020. Extracted June 2023

* Major office developments are those that add at least 20,000 ft² of office space. The amount of time it takes for a building to move from the review stage through to completion can vary between projects depending on the complexity of the project and developer decisions regarding when to proceed with construction.

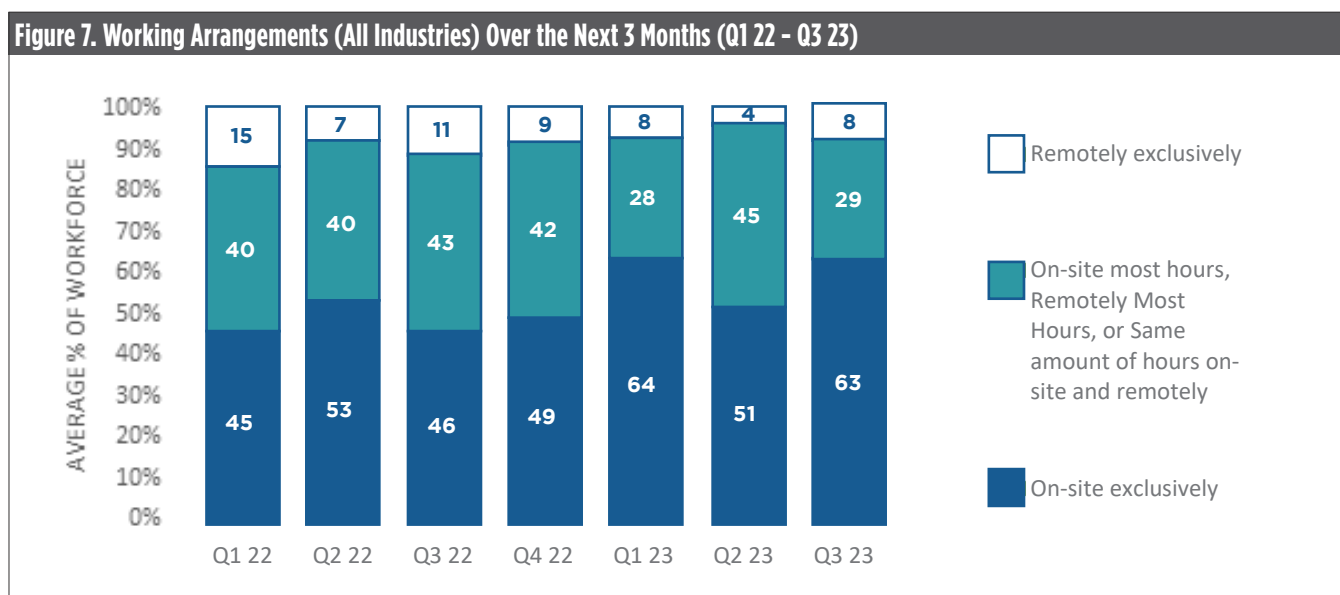
Additionally, the central business district (CBD), as shown below, represents just 13% of the downtown land area. City policy restricts the ability to develop residential in this relatively small area, ensuring the economic viability of stand-alone office and hotel projects. Residential continues to be permitted in all other portions of the downtown peninsula. The employment-only policy in the CBD has helped to enable the recent office development cycle which brought a significant amount of new high quality space to the market, reinforcing the regional role of Downtown Vancouver.



HYBRID WORK PATTERNS

Hybrid work, which involves a combination of in-person and remote work, is gaining traction as the preferred working arrangement in North America. This new approach allows employees the flexibility to work from home while still having the opportunity to come into the office for a portion of their work week.

According to Statistics Canada, in Q3 2023, 92% of the workforce anticipated that they will be working on-site in some capacity over the next three months. Interestingly, as shown in **Figure 7** below, the share of the workforce anticipating to work on-site exclusively increased by 12.2% between Q2 and Q3 (from 51.2% to 63.4%)⁶.



Source: Statistics Canada, Canadian Survey on Business Conditions⁷

Additionally, engagement with industry experts indicates that there has been a growing demand for modern office spaces constructed after 2015. Today, employees are not only seeking a comfortable work environment, but also outdoor access, communal meeting rooms, gym facilities, access to pet and child care facilities, end-of-trip amenities, and conveniences such as on-site parking and electric vehicle charging stations. In order to incentivize workers to return to the office and enhance employee retention, employers are also incorporating more service-oriented amenities, such as on-site dog daycare and grooming, bike repair services, and spaces that facilitate socializing and community building. Moreover, older office buildings will need to make major improvements to compete and be able to attract and retain tenants.

6. Statistics Canada, Canadian Survey on Business Conditions

7. Statistics Canada, Canadian Survey on Business Conditions; It is important to note that this analysis uses data from Statistics Canada which takes into account all industries, some of which may not be able to conduct their work remotely. In addition, Government of Canada immigration policy is expected to result in increased immigration levels over the coming years. Many of these new workers will be employed in the Professional, Scientific and Technical sector, further strengthening the demand for office space over the long term.

Appendix B

SUMMARY OF ENGAGEMENT
FEEDBACK RECEIVED

A. 2023 Tech Industry Stakeholder Survey

1.0 DESCRIPTION OF SURVEY

As part of the report on Industrial Modernization and Intensification (RTS 15772), and in response to the January 2023 Mayor's Motion on "Supporting and Expanding Vancouver's Tech Hubs" the City of Vancouver (the City) conducted two targeted stakeholder surveys in the summer of 2023: one to Vancouver technology business owners ("Business Survey") and one to technology industry representatives in Vancouver ("Industry Representative Survey").

The surveys were deployed as an engagement tool, meant to collect information on the issues, challenges, expectations and desires of the tech industry in Vancouver. The City received a total of 91 survey responses between the 2 surveys. While this is a relatively high response rate for a local government business engagement initiative, the results are not necessarily representative and should not be used to make inferences about all of Vancouver's tech industry. The survey was open from August 1st, 2023 to August 31st, 2023. Information and comments were used to complement and provide colour to facts and figures drawn from other sources.

The Business Survey asked roughly 23 questions, including single choice, multiple choice, open-ended and ranking style questions. They covered the following topics:

- Business demographics
- Business location preferences (i.e. being located near various infrastructure / amenities / locations such as parking, industry clusters, greenspace, etc.)
- Business space characteristics (i.e. high ceilings, large meeting rooms, lab space, etc.)
- Plans for the future (working arrangements, plans for expansion)
- Challenges for Vancouver's tech sector
- Advantages for Vancouver's tech sector
- General opinions on potential areas that the City should provide space for tech hubs
- General opinions on how the City can help support the tech industry

Owners with multiple business locations were asked to provide information on their main location, or the one located within Vancouver.

The Industry Representatives' survey asked roughly 19 questions including single choice, multiple choice, open-ended and ranking style questions. These questions included similar ones to the Business Employer Survey, but were modified to be applicable to industry representatives. They covered the following topics:

- General demographics of the businesses they work with and / or represent
- Location preferences of the businesses they work with and / or represent (i.e. being located near various infrastructure/amenities / locations such as parking, industry clusters, greenspace, etc.)
- Space characteristics of the businesses they work with and / or represent (i.e. high ceilings, large meeting rooms, lab space, etc.)
- Future plans of the businesses they work with and / or represent (working arrangements, plans for expansion)
- Challenges for Vancouver's tech sector
- Advantages for Vancouver's tech sector
- General opinions on potential areas that the City should provide space for tech hubs.
- General opinions on how the City can help support the tech industry

Both the Business Survey and Industry Representative Survey were combined and analyzed into one summary of findings. This report summarizes results from both surveys, including highlights of key themes and findings.

2.0 KEY FINDINGS

The Business Survey received 91 responses in total, with 63 responses from business owners and operators in Vancouver representing approximately 70% of the survey respondents, while the Industry Representative Survey received 28 responses, representing approximately 30% of survey respondents. Respondents represented businesses from across sectors and all parts of Vancouver. Key Findings included the following:

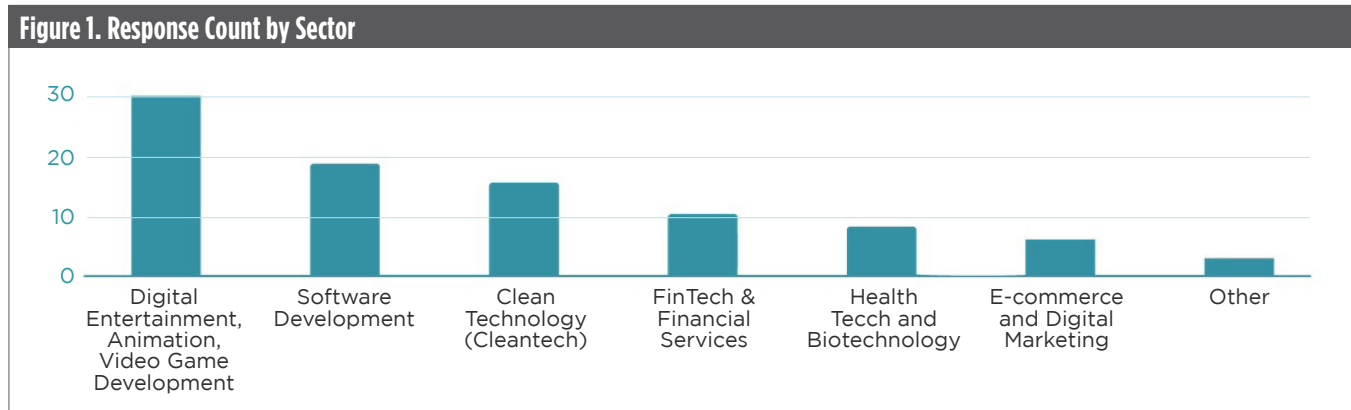
The technology sector in Vancouver...

- is diverse and requires a variety of different types of spaces and layouts
- is generally satisfied with their current work spaces meeting their needs
- will continue hybrid working arrangements into the future, and many companies have plans to expand their space in the next 5 years
- values opportunities to walk, cycle or transit to work when considering where to expand
- states the cost of living as a major challenge for companies and some feel that it counteracts Vancouver's liveability factor
- identifies Mount Pleasant and Broadway Corridor as potential areas for tech hub growth
- feels that the City can support the growth of the technology industry through zoning flexibility, increased collaboration, and improving the safety + liveability of the city

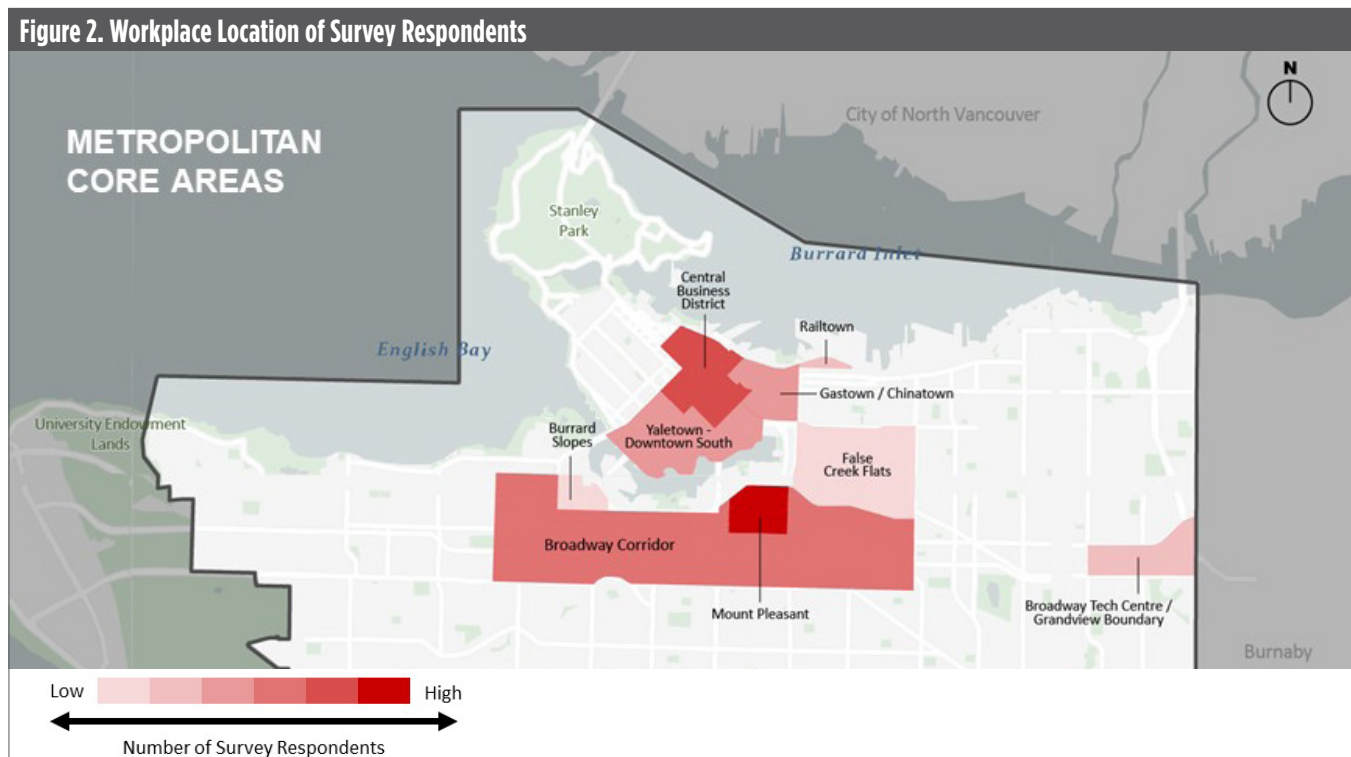
3.0 SURVEY RESULTS

Demographics

The majority of survey respondents are from the Digital Entertainment, Animation and Video Game Development Sector, followed by Software Development and Clean Technology. E-commerce and digital marketing may have been slightly underrepresented in this survey.



Approximately 60% of survey respondents are located, or represent or work with businesses that are located within the Metro Vancouver Core areas. Out of these areas, the majority (60%) of respondents were located in the Mount Pleasant and Central Business District areas. The other 40% of respondents indicated that their business, or the businesses that they represent are located either elsewhere in Vancouver, outside of Vancouver or they work remotely. For the purposes of this survey, businesses that are located outside of the province of British Columbia are not included.



Location Preferences

When asked why they chose to locate their business in this location, the top response was opportunities to walk, cycle or transit to work – helping to attract and retain talented workers. However, when filtering out those who are located outside of the Vancouver Metro Core Area, or working remotely, the top reason for choosing their location was affordability and cost effectiveness. Other reasons included parking availability, and access to suppliers or specific industry clusters.

Those who are located within the Vancouver Metro Core areas indicated that opportunities to walk, cycle or transit to work was their top reason, with other reasons being area character, and being close to restaurants / shops. It is important to note that this does not mean that those who work outside of the Metro Core areas do not value things such as being close to restaurants, or that those within the Metro Core do not require parking. The purpose of the analysis was to compare the key differences when it comes to location preferences.

Physical Space Needs & Overall Satisfaction

When asked what specific workplace features are most important for their business operations, “collaborative workspaces” was the top choice (see Figure 5). However, this was followed closely by several other response options including parking, lounge or recreational areas, and on-site amenities, to name a few. This shows how diverse the tech industry really is, and demonstrates the need for a variety of different types of spaces and layouts in Vancouver. When asked how satisfied they were with their current space, approximately 70% of survey respondents indicated that their current space was either “excellent” or “good”. Almost 1/4 of survey respondents indicated their space was “average”, only 9% chose “below average” (Figure 4). This sentiment was also consistent across all sectors.

Figure 3. Top Reasons for Choosing Workplace Location



Figure 4. Overall Workplace Location Satisfaction

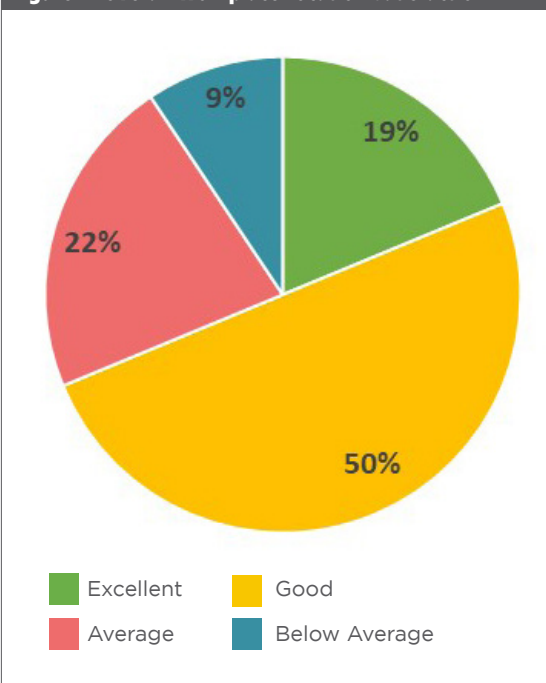
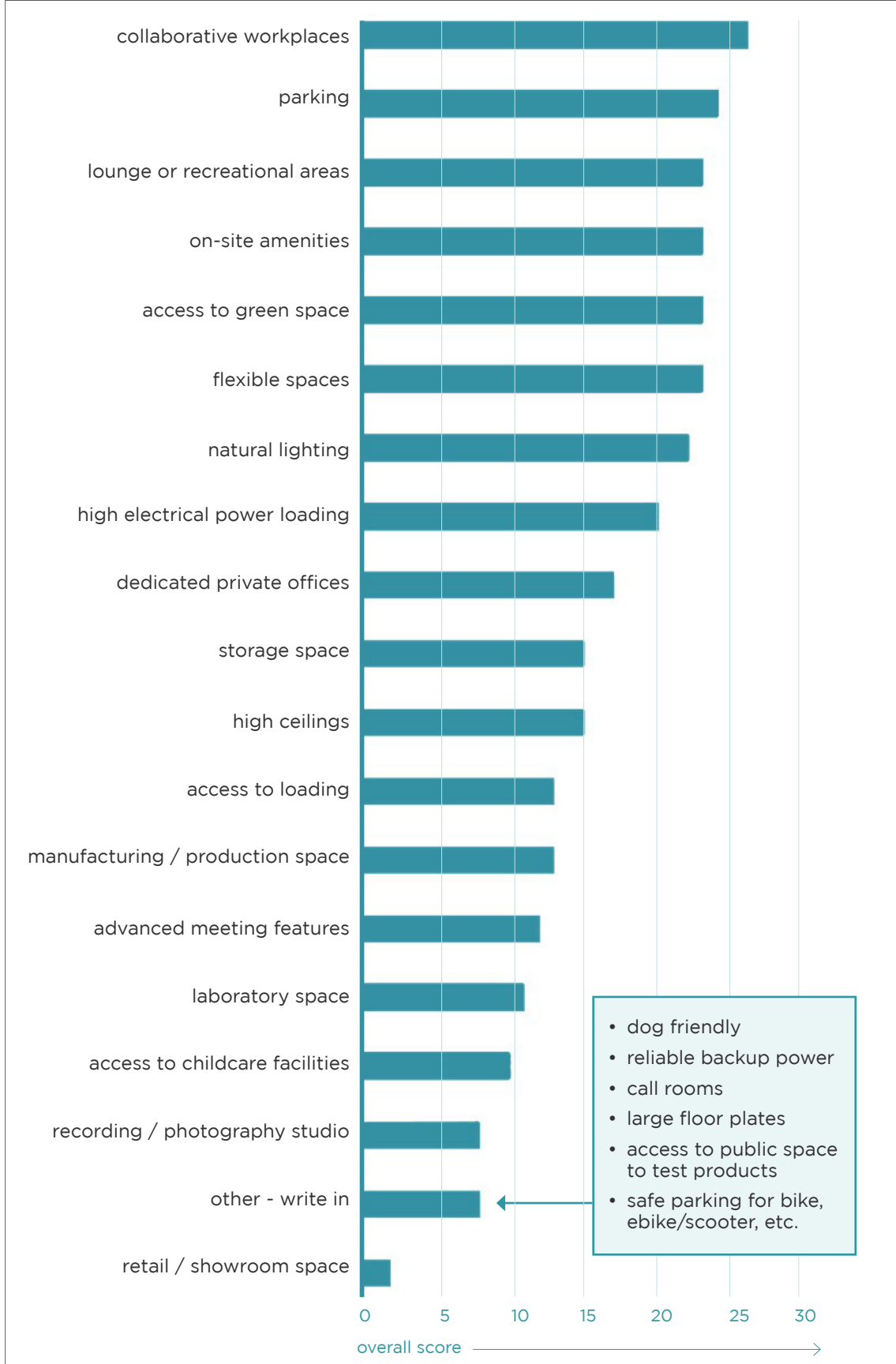


Figure 5. Most Important Workplace Features for Survey Respondents Tech Operations (select all that apply)



Future Plans (5-year horizon)

When asked what future plans their company, or the company they work with or represent had in terms of operations / working arrangements, 90% of respondents indicated that they plan to continue to allow for hybrid work in some capacity going forward. This includes those who will work the same amount of hours on-site and remotely, remotely most hours, and on-site most hours. More than 25% indicated that they would be working on-site most hours or exclusively, and some of those currently working remotely will even be transitioning to a hybrid work environment.

Additionally, many respondents indicated that they will be maintaining access to space for employee gatherings, events and periodic in-person meetings, regardless of working arrangements. This demonstrates that, despite the rise of remote work in recent years, there will still be a need for work spaces in order to accommodate Vancouver’s tech industry.

When asked about the company’s plans in terms of expansion, the majority (43%) of respondents indicated that they are planning to upsize the amount of space they occupy, while about 25% are planning to downsize there space, and 25% plan to stay in their current space / arrangement.

Figure 6. Future Plans for Working Arrangements

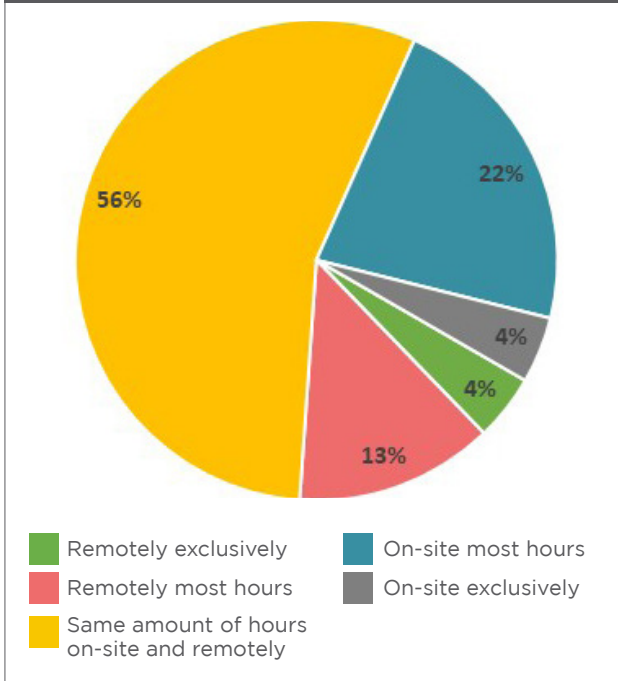
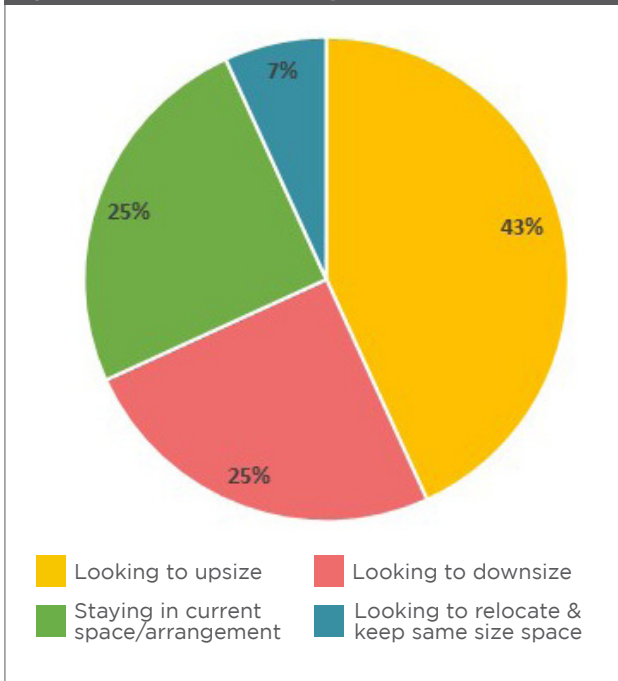


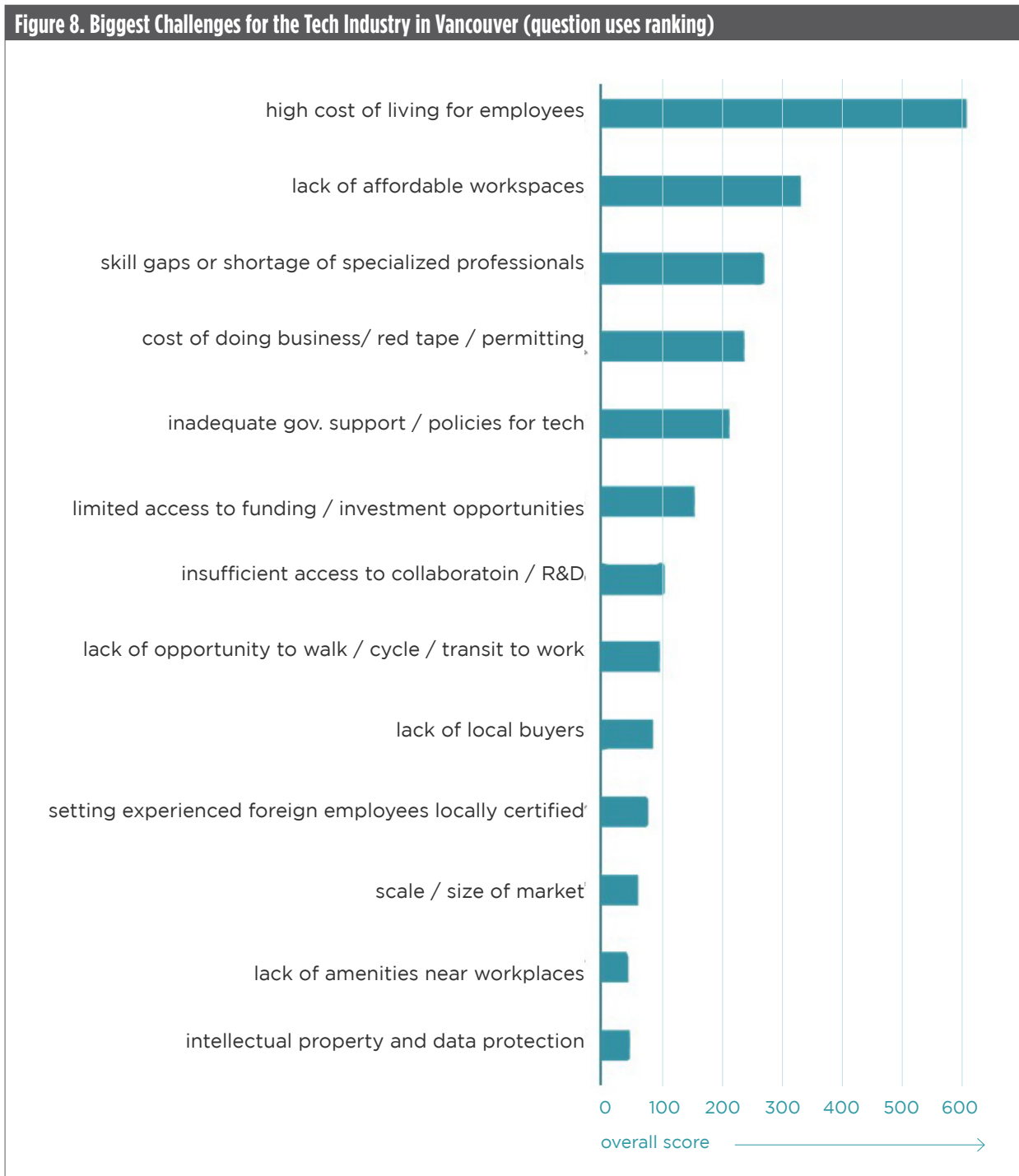
Figure 7. Future Plans for Work Space



Challenges for Vancouver’s Tech Industry

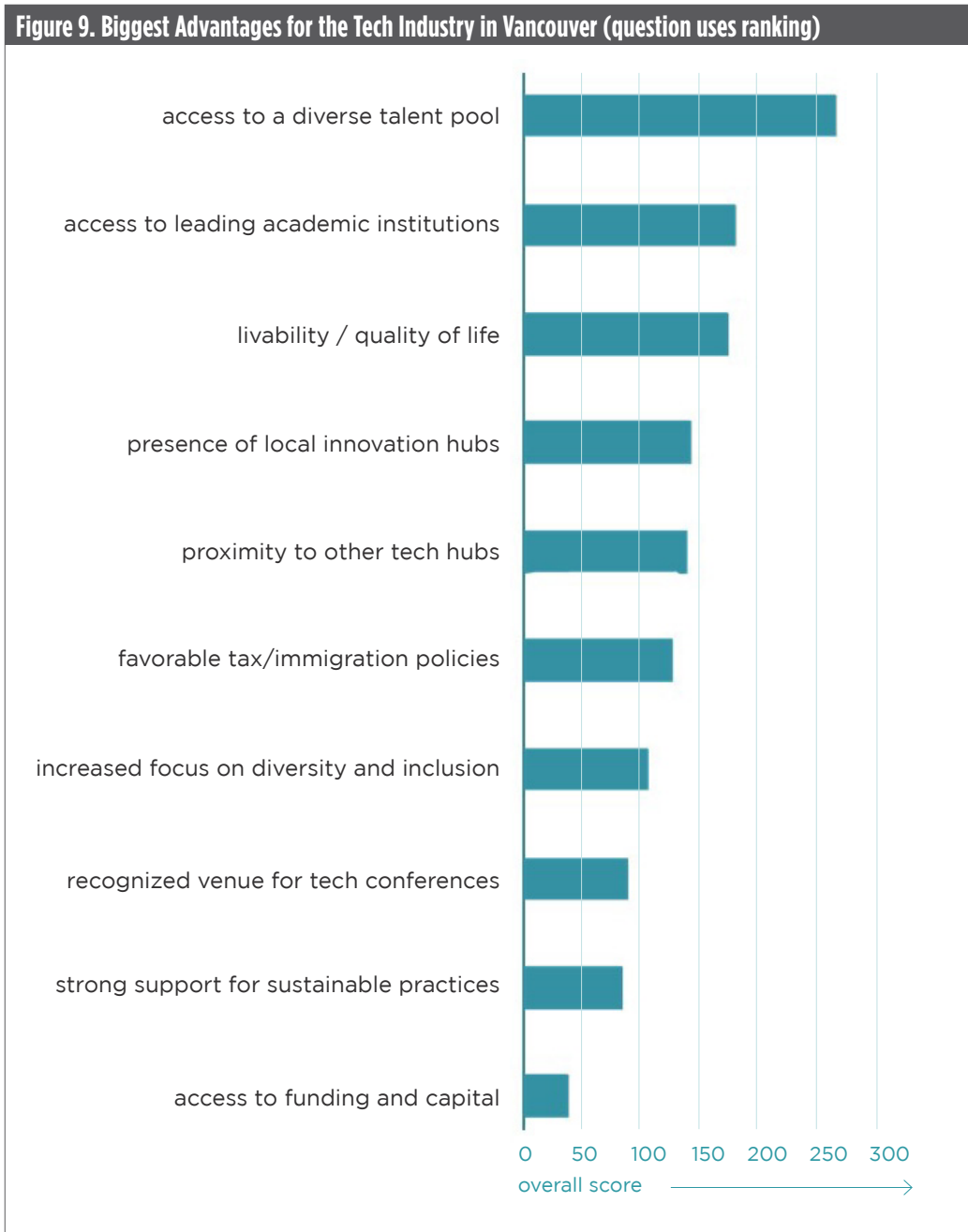
When asked what the biggest challenges are for the tech industry, the top challenge amongst respondents was the high cost of living for employees. Other challenges included the lack of affordable work spaces, skills gaps, the lack of specialized tech space, knowledge of how to best build / zone for these purposes, a need for more flexible zoning, and concerns around processing times for renovations and business permitting.

Figure 8. Biggest Challenges for the Tech Industry in Vancouver (question uses ranking)



Advantages for Vancouver’s Tech Industry

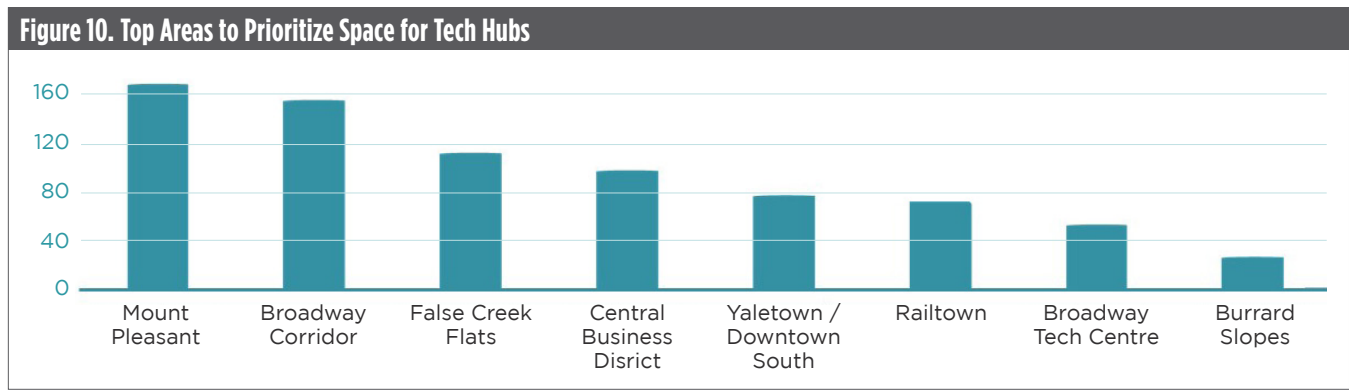
When asked about the biggest advantages that the technology industry in Vancouver has today, the top choice was access to a diverse talent pool, followed by access to leading academic institutions, and liveability / quality of life. Many also indicated that Vancouver is home to many founders of tech companies, and that the attractive nature of the city is counteracted by the cost of living, which impacts tech talent compensation.



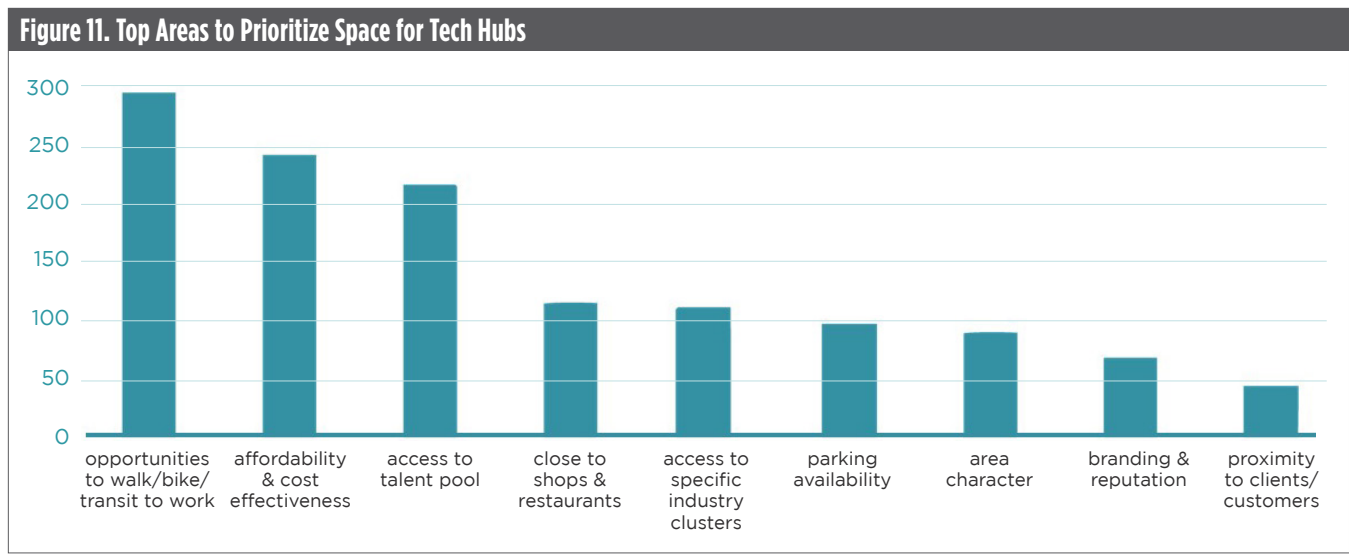
Making Space for Tech Hubs

When asked where the city should prioritize space for tech hubs, Mount Pleasant, Broadway Corridor, and False Creek Flats were the top choices amongst respondents. Other opinions on locations for tech hubs included, but were not limited to:

- Caution against excessive diversification - important to coordinate areas strategically as hubs.
- Emphasis on lively neighbourhoods with amenities and a central location with good transit access.
- Downtown core well-served, however concerns about access and parking.
- Growth opportunities in Mount Pleasant & Broadway Tech because they offer green space with parking and transit.
- Consider potential tech hubs in land suitable for mechanical yards with low disaster risk.



When considering a location to expand their business, the top factor amongst respondents was opportunities to walk / bike / transit to work, followed by cost / affordability and access to talent pool. Other reasons included industrial amenities such as physical space for manufacturing, shipping / receiving, storage, energy supply and high speed / fibre optic internet access, lifestyle amenities such as greenspace and overall cleanliness, and safety and crime, which includes feeling safe while walking to work and between buildings.



When asked how the city can support the growth of technology businesses, three common themes from the responses were zoning flexibility, city support and collaboration and safety + liveability. These are explained in more detail below:



Lastly, the survey asked respondents if they would be willing to participate in a roundtable workshop on the topic of addressing City Council's motion on spaces for technology hubs in the city. Approximately 26 businesses / industry representatives indicated they were interested.

The workshop was held on September 20th, 2023 and began with a presentation from City staff on the topic above, followed by an overview of the survey findings along with a summary of insights gained. There was time left for questions and a discussion period. The session ended with an overview of next steps. To learn more about the findings from the workshop, refer to page 12 of 14 in Section B of this Appendix.

B. What We Heard – Stakeholder Workshops

1.0 INDUSTRIAL USERS GROUP WORKSHOP

September 14th, 2023



KEY TAKEAWAYS

- Appreciation for open dialogue with the City and a hope for this to continue into the future.
- Transit around offices is just as important as transit around residential areas.
- There is a need to prioritize city infrastructure support, climate responsibility and job creation.
- Industrial lands should have occupations that support city goals such as:
 - » Zero Waste
 - » Sustainability
 - » Reconciliation
 - » More flexibility around zoning and use.



ROOM FOR IMPROVEMENT

- More support for companies who want to densify and need temporary space while their land is being developed.
- With fast changing markets, over-regulation can impede progress.
- Need to look more at long-term community benefits.
- More education to builders on how to achieve sustainability goals and end-user needs.



KNOWLEDGE GAPS

- With light industrial on the ground floor, can other uses realistically be located above without impacts i.e. noise, vibration, smell, fumes etc.?
- Given the amount of office space located downtown, is more office space on industrial land needed?
- What do lease rates and ownership costs look like over time?
- Is there research on how to keep these industrial spaces affordable?
- Can occupation regulations support end-user markets?

2.0 TECH INDUSTRY USERS GROUP WORKSHOP

September 20th, 2023



KEY TAKEAWAYS

- The fast changing nature of the tech industry requires flexible and adaptive policies and regulations that can keep up with changing uses and needs.
- More focus on sustainability is needed to meet aggressive climate goals.
- The industry is seeing a merging of disciplines right now so regulation needs to allow companies to bring these uses together in the same building.
- Safety is important. Both in terms of traffic on the street and walking building to building.
- Proximity to transit stations for commuters is a huge draw.



ROOM FOR IMPROVEMENT

- Regulation on the split between office space and lab space is too rigid as tech companies would like the ability to mix these uses more freely.
 - » Some companies need a 1:1 ratio of these uses and cannot bring employees back to the office as a result.
- The regulation on building massing and floor plate sizes create a barrier to making more effective spaces for the end users.
- Gathering space is important for tech companies that bring in people from the broader organization.
- Response times for permitting needs to get better.
- Reduction of parking requirements.



KNOWLEDGE GAPS

- Will Hydro infrastructure be able to keep up with the mechanical systems needs of these large industrial companies?
- How do these industrial spaces need to adapt to the use of biotech and lab spaces from a design standpoint, and how can regulation support this?

3.0 ARTIST STUDIO USERS GROUP WORKSHOP

October 3rd, 2023



KEY TAKEAWAYS

- The proposed density bonus for artist studio spaces is a first step in the right direction, not a fix for the larger issues at play.
- The 1,000 sq. ft. option would work well for smaller arts organizations and registered artists co-ops who qualify.
- Small spaces might not be suitable for mid to large-size arts organizations who require larger footprints for operational viability.
- “Culture gives more back to the city than it is represented by its square footage.”



ROOM FOR IMPROVEMENT

- Tighten up the language around the aspect of cost-recovery in guidelines and agreements to ensure that this cannot be taken advantage of by non-arts focused production and remains sustainable for arts organizations.
- Regulatory oversight so that a designated property remains within the intended use when tenants change.
- Might be a need to do more engagement with larger arts organizations to assess their spatial needs.
- There is a need for different types of sizes - Including larger “turnkey” spaces for artists and organizations.
 - » Especially true in the 5,000 - 7,000 sq. ft. range where little inventory exists.
- The prospect of establishing a cultural land trust could ultimately yield better results for larger pieces of land and cultural spaces.



KNOWLEDGE GAPS

- Is there a way to give artists or organizations an equity option in the building? i.e. strata versus rental.

4.0 REAL ESTATE GROUP WORKSHOP

October 12th, 2023



KEY TAKEAWAYS

- Being too prescriptive on floor-to-floor heights above the first level may make it difficult for developers to build for specific client needs.
- Residential within 200m of stations could be more effectively utilized across the city to meet regional housing goals.



ROOM FOR IMPROVEMENT

- Need to be careful when prescribing floor-to-floor heights, some industrial uses such as labs don't require so much height on upper floors. Impacts:
 - » Affordability of construction
 - » Heating and cooling
 - » Operational costs
 - » Embodied carbon of extra concrete
 - » Emissions
- Residential within 200m of station areas a missed opportunity for affordable housing as many will be superseded by area specific plans.
- Artist Studio - Class B may be for developers to provide if there is a requirement for airspace parcels to be turned over to the City, such requirements can become very restrictive like we have seen with daycares.



KNOWLEDGE GAPS

- Do floor-to-floor height requirements apply to clear height or distance between slabs?

APPENDIX C

UPDATED INDUSTRIAL LANDS POLICIES

Policy

Industrial Lands Policy

Approved by Council [Month Day, Year]

Last amended XX [Month Day, Year]

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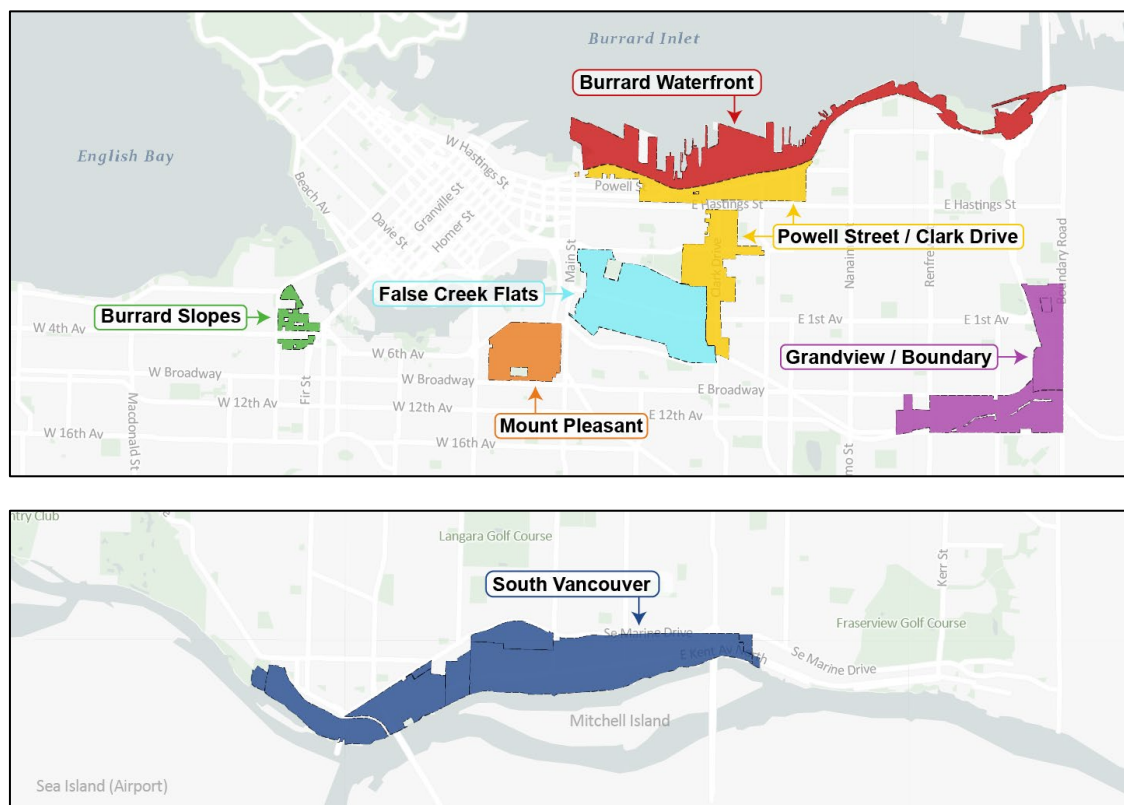
1 BACKGROUND AND CONTEXT

The protection and intensification of industrial land is critically important to the city's economic health and resilience. Industrial lands provide space for diverse employment opportunities and key city-serving commercial activities that support other businesses, workers and residents. Vancouver's industrial lands are in short supply and under pressure from incompatible uses encroaching upon or adjacent to them that reduce the operational viability of industrial activities, particularly production, distribution and repair.

1.1 Industrial Areas in Vancouver

There are 7 industrial areas in Vancouver. Lands located within these areas are considered to be industrial lands for the purposes of this policy (Map A).

Map A: Vancouver's Industrial Areas



2 INTENT

This policy provides a framework to guide future decisions on the use of industrial land. The policy is intended to ensure space for physical production, distribution and repair activities within the city, while also allowing for compatible commercial activities on the City's industrial lands. This document is divided into three sections: overall objectives; area-specific policies; and policies concerning the rezoning of industrial land.

3 OVERALL OBJECTIVES

3.1 Protect industrial lands

3.1.1 Lands designated as industrial will be protected for employment use.

3.2 Enable intensification

3.2.1 Enable a balanced approach to intensification, providing space for a diversity of users.

- (a) Support multi-storey industrial buildings to meet long term demand
- (b) Ensure that any intensification or development of industrial lands proposed within or near environmentally sensitive areas responds appropriately to support the City's overall ecological vision

3.3 Prioritize production, distribution and repair activities

3.3.1 Prioritize higher-impact uses that require access to loading at grade for production, distribution and repair activities.

3.3.2 Permit lighter-impact, hybrid industrial uses on upper-level industrial floors.

3.3.3 Provide clearly-defined, limited spaces in upper levels to allow for technology based businesses to locate in industrial areas.

3.4 Monitor and amend to maintain diversity

3.4.1 Monitor activities and conditions in industrial areas and amend regulations where needed to ensure space for a diverse workforce.

4 AREA-SPECIFIC POLICIES

4.1 Ensure alignment with area specific policies and plans

4.1.1 The City recognizes that there are a range of activities that are appropriate in industrial areas. In order to ensure space for a wide range of economic activities across the city, area specific plans and policies have been developed to reflect the unique nature of specific areas. The table below identifies the Council approved plans and policies that apply to each of Vancouver's industrial areas, as shown in Map A of section 1.1 above.

Areas	Council Approved Policy / Plan
Burrard Waterfront	<ul style="list-style-type: none"> • East Vancouver Port Lands Area Plan (2007) • Grandview Woodland Community Plan (2016)
False Creek Flats	<ul style="list-style-type: none"> • False Creek Flats Plan (2017) • Broadway Plan (2022)
Powell Street / Clark Drive	<ul style="list-style-type: none"> • Downtown Eastside Community Plan (2014) • Grandview Woodland Community Plan (2016) • False Creek Flats Plan (2017)
Mount Pleasant	<ul style="list-style-type: none"> • Broadway Plan (2022) • Mount Pleasant Employment-Intensive Light Industrial Rezoning Policy and Guidelines (I-1C) (2021)
Burrard Slopes	<ul style="list-style-type: none"> • Broadway Plan (2022)
Grandview / Boundary	<ul style="list-style-type: none"> • Grandview Boundary Mixed Employment Area Plan (2002) • Grandview Boundary Mixed Employment Area Rezoning and Development Policies and Guidelines (2002) • Rupert and Renfrew Interim Rezoning Policy (2022)
South Vancouver	<ul style="list-style-type: none"> • South Vancouver Industrial Area Issues and Directions (2009) • Cambie Corridor Plan (2018) • Marine Landing Policy Updates (2021)

4.1.2 Any industrial lands that are not covered by the Council approved area plans would be subject to section 5 of this policy.

5 REZONING POLICIES

5.1 Rezoning of industrial land

5.1.1 Rezoning of industrial land should only be considered if it is enabled by a Council approved area plan or policy as identified in section 4 of this policy.

5.2 Minor amendments

5.2.1 Despite section 5.1.1, rezoning applications may be considered for minor amendments to the non-residential uses permitted in existing zoning by-laws, provided that:

- (a) the amendments do not relate to height or density increases;
- (b) the amendments are supported by a Council approved recommendation in advance of the initiation of the rezoning application process; and
- (c) the amendments adhere to Overall Objectives in Section 3 of this policy.

5.3 Affordable rental housing in close proximity to rapid transit

The Metro Vancouver Regional Growth Strategy, Metro 2050, contains policy provisions that allow municipalities to consider limited residential uses of affordable and rental housing on employment lands within 200 metres of rapid transit stations on upper floors of mid- to high-rise buildings with commercial and light industrial uses on the ground or lower floors. The inclusion of housing on employment lands requires careful consideration of both site specific conditions, adjacencies and fit within the wider area.

5.3.1 Despite section 5.1.1, the City of Vancouver will only consider the inclusion of housing on employment lands on sites that have been previously identified as a potential site for the inclusion of affordable rental housing as part of a Council approved area plan as noted in section 4 of this policy.