

South Island Prosperity Index

Executive Summary

SOUTH ISLAND
PROSPERITY
PARTNERSHIP



Title Sponsor



COASTAL
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GREAT THINGS

Lead Consultants



Introduction

The South Island Prosperity Index was launched in 2017 to track regional prosperity across the Greater Victoria metropolitan area and provide a snapshot of our competitive position and progress relative to peer cities across Canada and around the globe. The Index is an annual opportunity for community and business leaders to gain perspective on where the region is headed over the long-term so that the course can be altered when necessary through programs, policies and economic development interventions.

This project would only be possible with the generous and community-minded support of the title sponsor since inception: Coastal Community Credit Union. We are deeply grateful to them for their ongoing support. Please see the back cover to learn more about them.

This year's report was produced in partnership with BDO, the fifth-largest full service advisory and accounting firm in the world, with more than 73,854 people from 1,500 offices in over 160 countries, including across Canada and here in Greater Victoria.

For more information about the methodology, the indicator definitions, and the sources of data, please find the full report at:

www.southislandprosperity.ca/prosperity-index

We are grateful to be doing our work on the territories of the Coast Salish and Nuu-chah-nulth peoples, known today as Lkwungen peoples (Esquimalt and Songhees Nations), W̱ SÁNEĆ Nation (consisting of S̱ÁUTW̱ – Tsawout, BO̱KÉĆEN – Pauquachin, W̱ JO̱LE̱LP – Tsartlip, and W̱ SI̱KEM –Tseycum Nations), Scia'new Nation (Beecher Bay), T'Sou-ke Nation, Pacheedaht Nation and Malahat Nation. We respect and, in partnership, build on the traditional knowledge of the Indigenous peoples who have thrived and prospered in the south island for millennia.

Quickly Changing Circumstances

With the third edition of the South Island Prosperity Index, the data and selected indicators are focused on tracking economic prosperity from a holistic perspective and on an annualized basis. However, as we emerge from the sharpest economic downturn since the Great Depression, our region will need accurate and timely information to monitor economic recovery month over month. This is why, for the first time, SIPP has launched a companion product called the Economic Recovery Dashboard. It will measure a small group of monthly data that will tell us how the region's economy is taking shape through the recovery process. Over time, the larger index report will become a more powerful tool to measure economic progress as we track the long-term implications of the economic fallout caused by the COVID-19 pandemic.

According to Oxford Economics, Canada is in the midst of a severe recession as the economy has virtually shut down, paralyzed by measures to contain the COVID-19 pandemic, free-falling financial markets, plunging oil prices and plummeting confidence. Top economic forecasters significantly downgraded their outlooks for real GDP growth in 2020. The International Monetary Fund projected a significant contraction in Canada's economy (-6.2% this year compared to its January forecast of a +1.8 %). The Bank of Canada also released its Monetary Policy Report and offered no forecasts at this time as a result of high uncertainty in its economic outlook. The US Federal Reserve joined in with a similar approach offering no forecasts at this time.

2020 Index Themes and Peer City Comparisons

The 2020 Prosperity Index features comparative data on 33 indicators which provide a picture of economic health that encompasses three themes. These themes are reflective of the region's values, but also demonstrate that true economic health can only be achieved when other metrics of environment and human wellbeing are considered:

- 1 **Economic Vibrancy**
- 2 **Equity and Inclusion**
- 3 **Environmental Prosperity**



The 2020 Prosperity Index tracks performance of Greater Victoria relative to five Canadian peer regions (Canadian peer regions) and four international regions (International peer regions).

| Metro Area | Region | Population |
|------------------------------|---------------------------|------------|
| Greater Victoria | British Columbia | 402,271 |
| Vancouver | British Columbia | 2,691,351 |
| Halifax | Nova Scotia | 440,348 |
| Ottawa-Gatineau | Ontario | 1,441,118 |
| Kelowna | British Columbia | 217,229 |
| Kitchener-Cambridge-Waterloo | Ontario | 584,259 |
| Oslo | Norway | 1,380,577 |
| Wellington | New Zealand | 527,800 |
| Boulder | Colorado, United States | 326,078 |
| Greater Seattle | Washington, United States | 3,939,363 |

Overview of Key Findings

Below we present a snapshot of the indicators and key take-aways for each of the three themes. A discussion of trends and commentary about indicators can be found in the full report.

1 Economic Vibrancy

- Greater Victoria region outperforms peer cities in areas related to employment. In particular, Greater Victoria region has a lower unemployment rate for both general and Indigenous populations, a greater number of sectors with significant employment, higher number of high education degrees per 100,000, and higher concentration of Indigenous business relative to the national average.
- Peer cities outperform Greater Victoria for real GDP per capita, growth of employment in specialization sectors, share of employment in tech sector out of total employment, and share of employment in knowledge-based workforce out of total employment.

2 Equity and Inclusion

- Greater Victoria has low apartment vacancy rates, indicating the region is a popular place to live. The region may need to accelerate new build rental to keep pace.
- As a result of low vacancy rates, apartment rental prices have increased at a rate greater than peer cities.
- Greater Victoria scores low for transportation infrastructure systems, but also has a short commute time, indicating that the region has transportation options adequate for some areas (at current population) and that residents have opportunities to achieve good work-life balance at current population levels. However, due to increased population growth over the next decade (especially in the Westshore), transportation infrastructure will become more important especially given the region's land-use parameters and restraints.
- The region has slightly worse income distribution in comparison to peer cities, given a Gini coefficient of 0.40 for Greater Victoria and a peer city average of 0.37 for Canadian metros and 0.39 for international peers (a coefficient score closer to zero means more equal distribution. A score of 1.0 would be absolute inequality).
- Homeless population of Greater Victoria is almost double the peer city average population, possibly a reflection of higher costs of shelter, along with other factors, such as mild weather.
- Greater Victoria is less diverse than its peer cities across Canada as majority of new immigrants settle in large urban areas such as Vancouver. However, Greater Victoria has over 17,000 Indigenous peoples of which 9,000 are First Nations representing 4% of total population in the metro region compared to only 3% for Canadian peer regions on average and only 2% for international peers.

Overview of Key Findings (continued)

3 Environmental Prosperity

- Generally, Greater Victoria supports environmentally sustainable practices more than Canadian peer cities, with the exception of recycling of solid waste. The region sources more of its energy from renewable sources when compared to Canadian peer regions, expels less greenhouse gases, consumes less water per capita and has a greater number of public transport trip per capita per year than both Canadian and international peers except for Oslo.
- While Greater Victoria uses more alternative travel modes as opposed to relying on private automobile than Canadian peer cities, it can learn from Oslo on how to become one of the best metro regions globally when it comes to commuting to work by public transit, walking or cycling.

Data Snapshots

1 Economic Vibrancy

| Indicator | Victoria CMA | | | Is Trend Better or Worse? | CANADIAN Peer City Average | INTERNATIONAL Peer City Average |
|--|--------------|------|----------|---|-------------------------------|------------------------------------|
| | INDEX YEAR | | | | | |
| | 2017 | 2019 | 2020 | | 2020 | |
| Real GDP per capita | | | \$46,865 | First time this indicator has been included | \$59,517 | \$93,841 |
| Unemployment rate | 4.6% | 3.0% | 3.4% | Improving | 4.9% | 3.6% |
| Share of knowledge-based industries as a percentage of total industry employment and normalized (divided) by the same share for all of Canada | | | 0.84 | | 1.04 | N/A |
| Percentage of population employed in technology sector | | | 5.9% | First time this indicator has been included | 7.4% | 8.9% |
| Unemployment rate of individuals who identify as Aboriginal | | | 9.9% | First time this indicator has been included | 10.1% | N/A |
| Number of higher education degrees per 100,000 population | 22,495 | | | Using 2016 Census data for 3 years | 20,145 | 21,090 |
| Percentage of Indigenous businesses in a metro area per total count of registered businesses in a metro area normalized by share of Indigenous businesses in Canada to total count of businesses in Canada | | | 1.11 | First time this indicator has been included | 0.59 | N/A |

Data Snapshots

2 Equity and Inclusion

| Indicator | Victoria CMA | | | Is Trend Better or Worse? | CANADIAN Peer City Average | INTERNATIONAL Peer City Average |
|--|--------------|-------|------|---|-------------------------------|------------------------------------|
| | INDEX YEAR | | | | | 2020 |
| | 2017 | 2019 | 2020 | | | |
| Average commute times in minutes | 22 | | | Using 2016 Census data for 3 years | 25 | 27 |
| Percentage of foreign-born out of total population | 18% | | | Using 2016 Census data for 3 years | 19% | 20% |
| Gini coefficient for income equality (0-1) | 0.35 | 0.40 | 0.40 | Declining | 0.37 | 0.39 |
| Number of physicians per 100,000 | 237.4 | 230.8 | 364 | Improving | 314 | N/A |
| Rate of rental price appreciation | | | 28% | First time this indicator has been included | 24% | N/A |
| Apartment vacancy rates | 0.4% | 1.2% | 0.5% | Declining | 1.9% | N/A |

Data Snapshots

3 Environmental Prosperity

| Indicator | Victoria CMA | | | Is Trend Better or Worse? | CANADIAN | INTERNATIONAL |
|--|--------------|------|------|------------------------------------|-------------------|-------------------|
| | | | | | Peer City Average | Peer City Average |
| | INDEX YEAR | | | | | 2020 |
| | 2017 | 2019 | 2020 | | 2020 | |
| Percentage of total energy derived from renewable sources, as a share of the city's total energy consumption | | | 40% | Not comparable to previous years | 31% | N/A |
| Fine particulate matter (PM2.5) concentration | 6.4 | 7.4 | 5.4 | Improving | 5.9 | 6.0 |
| Greenhouse gas (GHG) emissions measured in tonnes per capita | 1.76 | 1.75 | 1.75 | Improving | 4.95 | 4.40 |
| Percentage of commuters using a travel mode to work other than a personal vehicle | 27% | | | Using 2016 Census data for 3 years | 23% | 38% |
| Annual number of public transport trips per capita per year | 69.3 | | 83 | Improving | 53 | 67 |

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Coastal Community Credit Union (CCCU) is the largest Vancouver Island-based financial services organization. CCCU provides a full range of products and services in personal, business, and commercial banking. At the heart of it all is a commitment to build stronger relationships in order to improve financial health, enrich people's lives, and build healthier communities.

www.cccu.ca