



AGENDA
ECONOMIC DEVELOPMENT TASK FORCE

Tuesday, February 18, 2020, 1:00 P.M. - 3:00 P.M.
Board Room, Service and Resource Centre,
411 Dunsmuir Street, Nanaimo, BC

Pages

1. CALL THE SPECIAL MEETING OF THE ECONOMIC DEVELOPMENT TASK FORCE TO ORDER:

2. INTRODUCTION OF LATE ITEMS:

3. ADOPTION OF AGENDA:

4. ADOPTION OF MINUTES:

a. Minutes

1 - 5

Minutes of the Special Economic Development Task Force Meeting held in the Board Room, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC on 2020-JAN-06 at 1:00 p.m.

5. PRESENTATIONS:

6. DELEGATIONS:

7. REPORTS:

a. State of the Nanaimo Economy

6 - 42

To be introduced by Amrit Manhas, Economic Development Officer.

Purpose: To provide the Task Force with a presentation regarding the State of the Nanaimo Economy.

b. External Agency Discussion

43 - 46

To be introduced by Bill Corsan, Director, Community Development.

Purpose: To provide the Task Force with a review of the Economic Development Function Service Model Review Final Report and to discuss the establishment of an external agency to help deliver economic development services.

Presentation:

1. Allan Neilson, Principal, Neilson Strategies

Facilitated session will cover:

- Review of findings from the Final Report, with a focus on the rationale for a City-owned external agency service delivery model
- Outline of key structural elements and success factors for the Nanaimo Prosperity Agency
- Discussion of Agency charter - that is, possible scope of services, funding model, governance, staffing and other aspects
- Summary of meeting, consensus reached on charter, and next steps

c. Future Meeting Schedule

To be introduced by Sheila Gurrie, Corporate Officer, Legislative Services.

Purpose: To discuss the next meeting date.

Options for future meeting dates include:

Monday, 2020-MAR-30 1:00 pm - 3:00 pm

Tuesday, 2020-MAR-31 1:00 pm - 3:00 pm

8. OTHER BUSINESS:

9. QUESTION PERIOD:

10. ADJOURNMENT:

MINUTES
SPECIAL ECONOMIC DEVELOPMENT TASK FORCE MEETING
BOARDROOM, SERVICE AND RESOURCE CENTRE,
411 DUNSMUIR STREET, NANAIMO, BC
MONDAY, 2020-JAN-06, AT 1:00 P.M.

Present: Councillor Z. Maartman, Chair
Councillor J. Turley
Douglas Backhouse
Cathy Carlile
Jolynn Green
Mike Hooper
Ian Marr
Bob Moss
Andre Sullivan
Erralynn Thomas (arrived 1:08 p.m.)

Absent: Chris Beaton
Kim Smythe
Deborah Saucier

Staff: J. Rudolph, Chief Administrative Officer
B. Corsan, Director, Community Development
S. Snelgrove, Deputy Corporate Officer
A. Bandurka, Recording Secretary

1. CALL THE SPECIAL ECONOMIC DEVELOPMENT TASK FORCE COMMITTEE MEETING TO ORDER:

The Special Economic Development Task Force Meeting was called to order at 1:01 p.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Agenda Item 7(a) – Review Draft Request for Proposals Add – Revised Terms of Reference of Draft Request of Proposals
- (b) Agenda Item 8(a) – Interim 2020 Funding for Mid-Island Business Initiative Add – Letter from Mid-Island Business Initiative

3. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda, as amended, be adopted. The motion carried unanimously.

4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Special Open Meeting of the Economic Development Task Force held in the HR Training Room, 455 Wallace Street,

Nanaimo, BC, on Monday, 2020-JAN-06 at 9:00 a.m. be adopted as circulated. The motion carried unanimously.

5. REPORTS:

(a) Review Draft Request for Proposals

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with an overview of the draft request for proposals (RFP) for an Economic Development Strategy:

- The purpose of reviewing the RFP today is to gain feedback from Task Force and achieve consensus on any changes required prior to issuing the RFP

E. Thomas entered the Boardroom at 1:08 p.m.

- Timeline: feedback at today's meeting, issue RFP on January 15, deadline for submissions will be February 14, submissions reviewed by Evaluation Committee by February 28, consultant will start by early March and the assignment will be completed by the end of August or early September

Task Force discussion took place regarding:

- A revised Section 5 of the RFP was received by the Task Force to consider.
- Discussion took place on the amendments to Section 5.
- The group was in general agreement with the changes, and asked that Section 5.2.2(1) include Petroglyph Development Group Strategic Plan and Nanaimo Economic Development Corporation (NEDC) Corporate Retreat documents; in Section 5.2.2(6) remove items B and E
- The Task Force asked for more discussion on the indigenous component of the RFP.
- Last year the Regional District of Nanaimo (RDN) worked on a review of their economic development function. This was completed roughly the same time as the City's service review. It will be important for the RDN to be aware of the work of the City's economic development strategy. There may also be opportunities for joint studies.
- The airport was involved in the RDN and the Cowichan Valley Regional District (CVRD) economic development strategy process and it would be wise to tie together and come up with a comprehensive plan at a regional or multi-regional level
- The RFP will be distributed via general City purchasing standards
- Having a strategy will help the external agency fall into place
- The chosen consultant should rely on previously prepared documents and Task Force experience.

It was moved and seconded that the Economic Development Task Force adopt the scope and deliverables in principle; Bill Corsan, Director, Community Development will make edits and the final draft will be distributed by email for final comments. The motion carried unanimously.

(b) Appointment of Request for Proposals Evaluation Committee Members

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with a presentation regarding the appointment of evaluation committee members.

It was moved and seconded that the Economic Development Task Force appoint three members to the Evaluation Committee for the Economic Development Strategy Request for Proposals. The motion carried unanimously.

Committee discussion took place regarding the number of members appointed to the Evaluation Committee.

It was moved and seconded that the Economic Development Task Force appoint four members to the Evaluation Committee for the Economic Development Strategy Request for Proposals. The motion carried unanimously.

It was moved and seconded that the Economic Development Task Force appoint Councillor Turley, Doug Backhouse, Bob Moss and Cathy Carlile to the Evaluation Committee for the Economic Development Strategy Request for Proposals. The motion carried unanimously.

(c) External Agency Format

Introduced by Bill Corsan, Director, Community Development

Bill Corsan, Director, Community Development, facilitated a discussion on the information needed by the Task Force to develop a blueprint for the establishment of the City-owned external agency.

Task Force discussion took place regarding:

- The need to not reinvent the wheel and the opportunity to learn from other communities on external agency models.
- The external agency could be the focal point for private business needs
- The opportunity to invite Allan Neilson from Neilson Strategies to attend an upcoming task force meeting to facilitate a discussion on the models and provide more detail on how the external agency will operate and what the best practices might look like
- Discussion around external agency could take sometime, starting sooner rather than later would be good
- Staff can prepare an evaluation criteria on different models for the agency (timeliness of reporting, responsibility of board, financial reporting)

(d) Economic Development Task Force Tentative Work Plan and Schedule

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with the tentative work plan and schedule, which included monthly meeting topics.

(e) Economic Development Background Documents

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with background documents on the history of Economic Development in the City of Nanaimo.

(f) Future Meeting Schedule

Introduced by Sky Snelgrove, Deputy Corporate Officer, Legislative Services.

By unanimous consent the Task Force committee determined the next meeting will take place on February 10, 2020 at 10 a.m. - 12 p.m.

6. OTHER BUSINESS:

(a) Interim 2020 Funding for Mid-Island Business Initiative

Bob Moss provided the Task Force members with a letter dated 2020-JAN-06 from the Mid-Island Business Initiative (MIBI) regarding interim funding.

Task Force discussion took place:

- MIBI is looking for bridge funding until the external agency is set up
- Task force extends appreciation to Bob Moss and the group behind MIBI as there was a void to fill when NEDC closed
- It will be up to the members of MIBI if it will continue its work if funding is denied by Council
- The Task Force recommended that MIBI should prepare a letter addressed to the Finance and Audit Committee for Council's consideration.

It was moved and seconded that the Task Force receive for information the letter from Mid-Island Business Initiative, dated 2020-JAN-06. The motion carried unanimously.

7. QUESTION PERIOD

There were no members of the public in attendance who wished to ask questions.

8. ADJOURNMENT:

It was moved and seconded at 2:41p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER



2020 State of the Nanaimo Economy



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Executive Summary

The State of the Nanaimo Economy annual publication provides data, analysis and insights on Nanaimo's current economic and business conditions. The City of Nanaimo continues to be a hotspot for new businesses and residents. Nanaimo's growth rate is outpacing the Regional District of Nanaimo (RDN), Vancouver Island, BC and Canada. At almost **100,000** residents, the City's population has grown by **35%** since 2001.

On average, each year over **3,000** new residents move into the Regional District of Nanaimo. In recent years, origins of the vast majority of newcomers have shifted from other provinces to within BC. Looking forward, population will continue to grow, but at a slower pace. Gains will be made in most age categories but the largest growth will occur in the **65+** category.

As the overall population grows, Nanaimo is seeing greater diversity in its population. The three largest minorities in Nanaimo are Chinese (**2.6%**), South Asian (**2.2%**), and Filipino (**1.1%**). Visible minorities represent **9.9%** of the City's population, whereas BC compares at **31.1%**. Diversity of population is an important factor in building successful cities.

6,233 businesses were licensed in the City of Nanaimo in 2019. The Construction sector held the largest number of business licenses, followed by Professional/Scientific/Technical, and the Retail sector. Over the past decade, business licenses have grown by **9%**. Businesses have been expanding human resource capacity. Overall, Nanaimo's businesses with employees grew by **16.7%** in the past decade.

2019 was an all-time record-breaking year for building permit activity at **\$445.3 million**, nearly double our historical best of **\$253 million** in 2007. Considerable growth occurred across all building permit categories. It is important to see growth in non-residential building permits, as business investment contributes to long-term economic growth and leads to increased productivity. Non-residential building permit values nearly quadrupled in 2019 compared to 2018. Notably, in 2019 and 2018 there were **34** projects with a minimum value of **\$2 million** or more. The past year has seen an impressive array of mixed use projects including multi-family dwellings, medical offices, apartments, condominiums, affordable housing and hotel developments.

Excellent transportation, education and telecommunication infrastructure are some of Nanaimo's key competitive advantages, drawing ever more businesses and entrepreneurs to invest in our region. Significant Infrastructure investments by the Nanaimo Airport, the Nanaimo Port Authority, Vancouver Island University and Telus continued in 2019. The Nanaimo Airport completed a **\$14.2 million** terminal expansion, while the Nanaimo Port Authority started a **\$100 million** expansion and upgrade project at their Duke Point facility. VIU had **\$7.6 million** worth of upgrades underway in 2019 and Telus is in the midst of completing a **\$65 million** fibre-to-the-premise project.



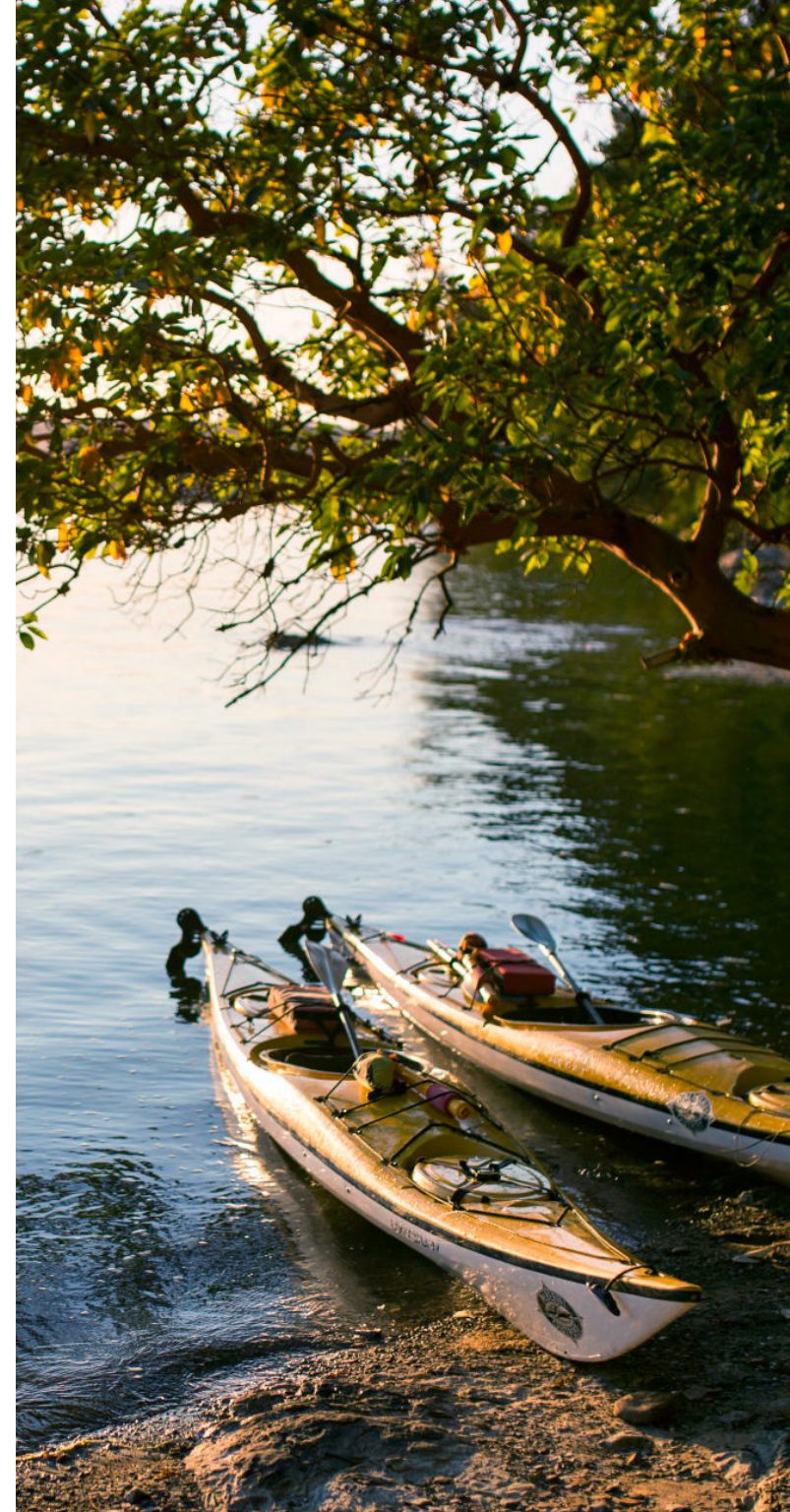
2019 was a record year for housing starts in Nanaimo, with over half being purpose-built rental units. There is a significant trend towards denser forms of housing (apartments, condos) compared to single or semi-detached housing. This is in part due to rising real estate values, higher interest rates and stricter mortgage qualifications.

While the new housing market in Vancouver and Victoria showed signs of cooling down in 2019, this was not yet the case in Nanaimo. While the average price for a new single-family detached home dropped by **14%** in Vancouver and **7%** in Victoria, it increased by **11%** in Nanaimo (CMHC Oct 2019). Despite this, the same brand new single-family home in Nanaimo costs roughly one-third the price of Vancouver and three-quarters the price of Victoria.

In 2019, average rent increased by **8%** in Nanaimo, **3%** in Victoria and **6%** in Vancouver. Despite the increase in available rental units, total supply was insufficient to meet demand, driving vacancy rate down to **2.0%** from **2.5%**.

The service industry sector accounted for **83.1%** of Nanaimo's employment base in 2019, and the goods-producing sector accounted for **16.9%**. The greatest number of jobs are provided by the retail, healthcare and social assistance sector. Nanaimo's labour force and participation rate continues to grow. At **4.6%**, Nanaimo's unemployment rate is in the healthy range (**4.5** to **5.0%**).

Although education levels have been increasing overtime, Nanaimo lags behind BC in post-secondary credentials. Student enrollment at VIU continued to grow in 2018 with international student enrollment increasing by **20%**, and overall student enrollment increasing by **4%**.

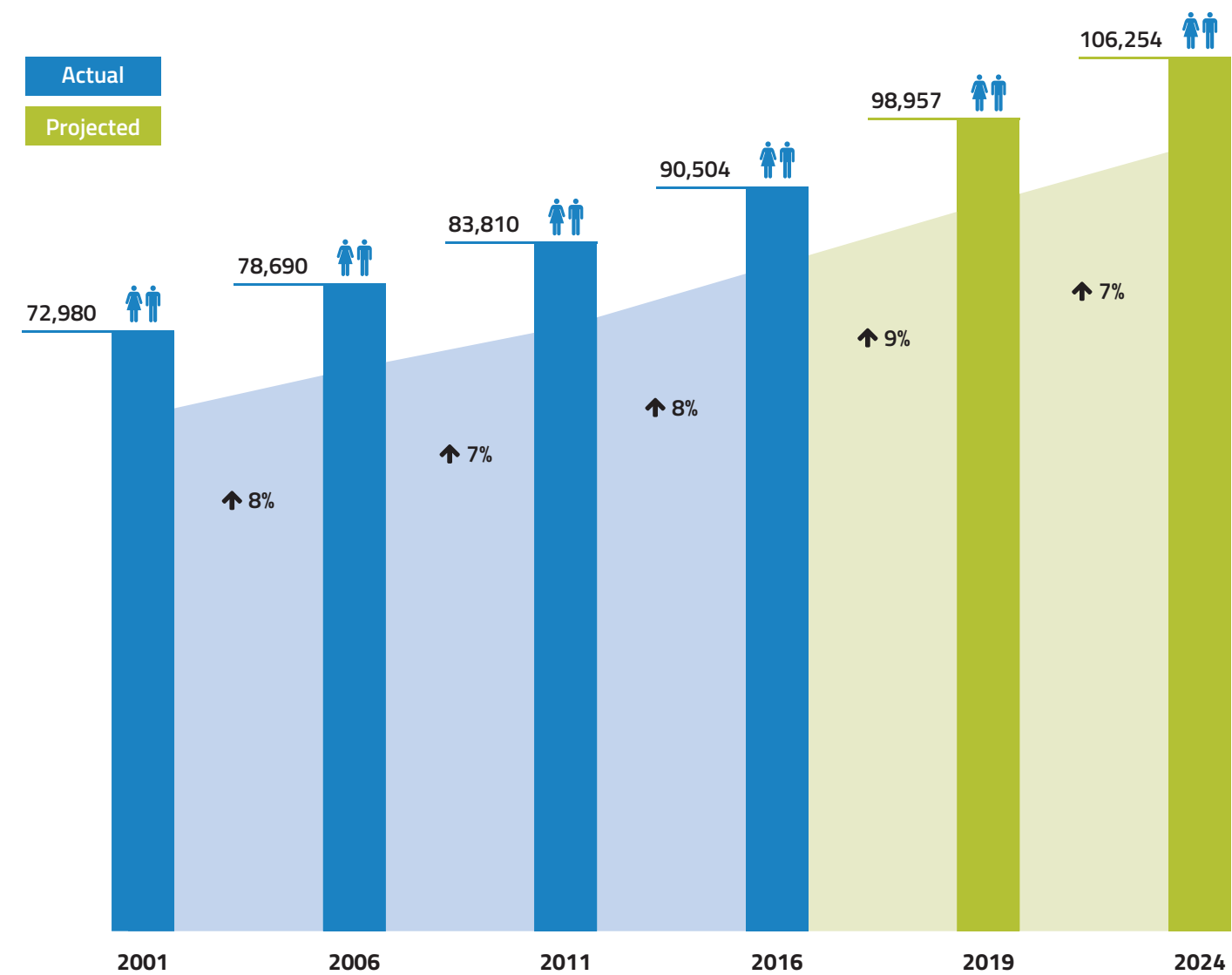


Median, average and per capita income in Nanaimo is projected to grow by **4%**, **3.5%** and **3.8%** per annum over the next five years. Despite growing at a faster rate, Nanaimo still lags behind BC's average in all three categories.

Every year BC Business Magazine ranks the "best cities for work in BC" comparing **46** communities across the province on 10 economic indicators. The City of Nanaimo ranked **8th** best City to work in the province of British Columbia for 2020. This is a jump from **15th** place ranking in 2019.

Economic growth in BC is projected to trend modestly near two percent through to 2022 according to Economic outlooks by various banks. Global trade uncertainty and a weaker forestry sector are the risk factors moving forward. Housing construction is expected to be slower over the next few years. Major project construction such as pipelines, LNG Canada, the Pattullo Bridge replacement, and the new Vancouver SkyTrain developments are expected to drive significant increase in interprovincial migration. Consumer demand is expected to rise due to tight labour market conditions and rising populations.

City of Nanaimo Population



Population

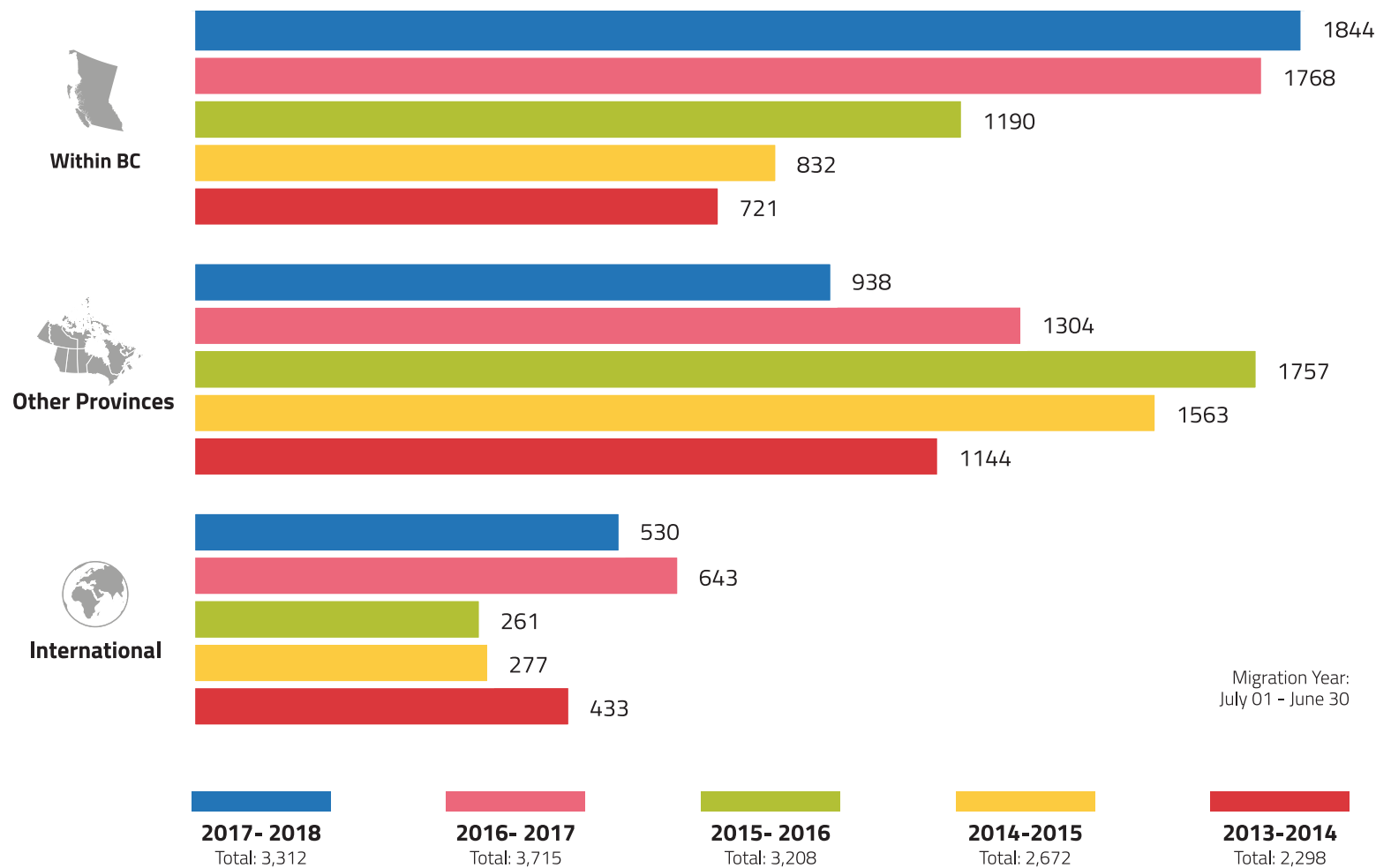
The City of Nanaimo’s population for 2019 is estimated at **98,957**. The population growth rate between 2018 and 2019 was **1.4%**. The average annual growth rate over the past five years in Nanaimo is **2.02%**. By 2024, the City’s population is expected to increase by **7,297** persons, to **106,254**. Nanaimo’s average growth rate over the next five years was estimated at **1.5%** annually.

The RDN’s population for 2019 is **168,947** and the average growth rate over the next five years is estimated at **1.1%** annually. Comparatively, over the next five years, the Vancouver Island Coast region will grow at **1%** annually and BC’s at **1.3%** annually.

Population growth rate will be slower over the next five years compared to the past five years. However the City of Nanaimo’s growth rate is expected to continue to outpace the regional district, the island and the province.

SOURCE: BC STATS, CENSUS CANADA

Origin of New Residents (Regional District of Nanaimo)



Migration

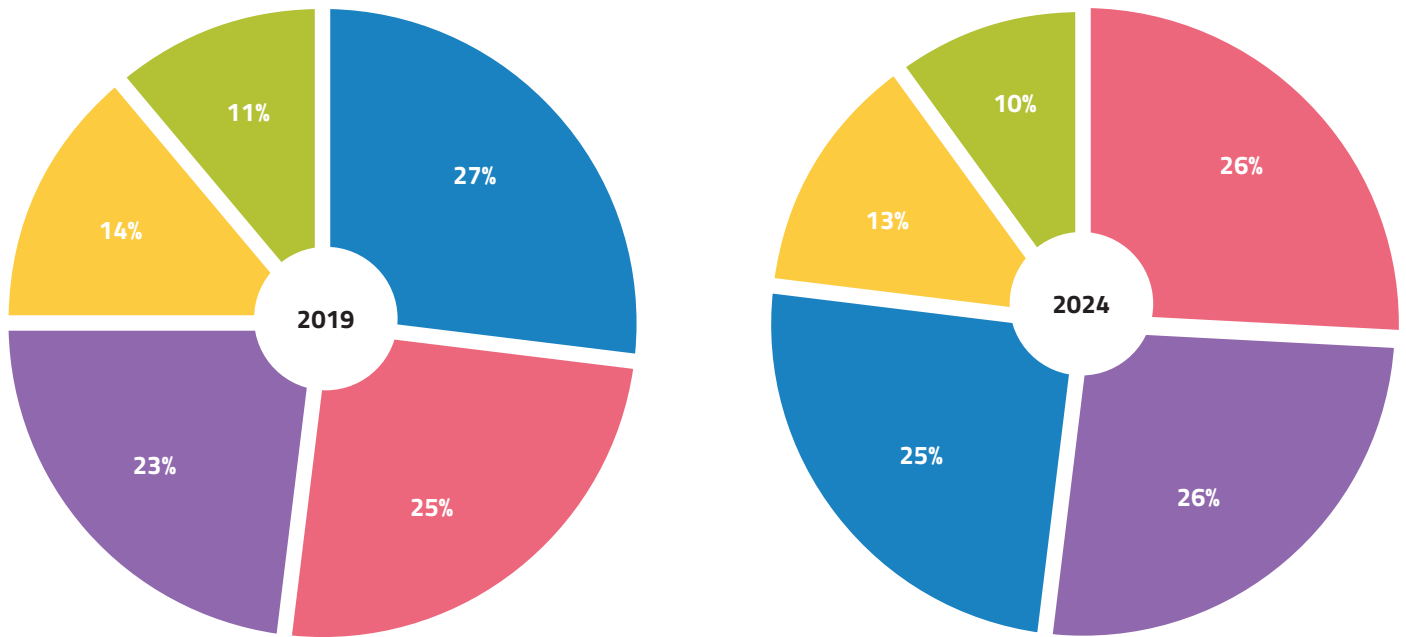
Population growth is driven by two factors: natural increase and migration. Nanaimo's population growth has resulted from migration. People move to new areas for a variety of reasons including employment opportunities and quality of life factors. There are three types of migrants: intra-provincial (within BC), inter-provincial (other provinces) and international immigrants (outside of Canada). In the past five years, on average over **3,000** net new migrants have located in the Nanaimo Regional District.

Migration from within BC to the Regional District has been on the rise in the last five years. Interprovincial migration was highest in 2016 but has been declining since for BC and the Nanaimo region. While International migration to BC has been on a steady rise since 2014-15, Nanaimo's numbers have seen more fluctuation and less predictability over the past five years.

While BC's total migration has seen a steady increase, Nanaimo saw a dip in total migration numbers from 2017 to 2018. Nonetheless, on average over the past 5 years Nanaimo has been capturing **5.8%** of the net migrants to BC. Overall, Nanaimo is posting a higher population growth rate than the regional district, Vancouver Island and BC.

SOURCE: BC STATS

City of Nanaimo Age Breakdown



Children (0-14)	Young Adults (15-24)	Early Working Years (25-44)	Later Working Years (44-64)	Retirement (65+)
2019 13,680	2019 10,342	2019 24,243	2019 27,421	2019 23,271
2024 ↑ 4.1%	2024 ↓ 1.4%	2024 ↑ 14.4%	2024 ↓ 3.2%	2024 ↑ 17.1%

Age Breakdown

In 2019, **63%** of Nanaimo’s population was working age (15-64). Working age population is expected to increase by **4.4%** over the next five years (**64,757**).

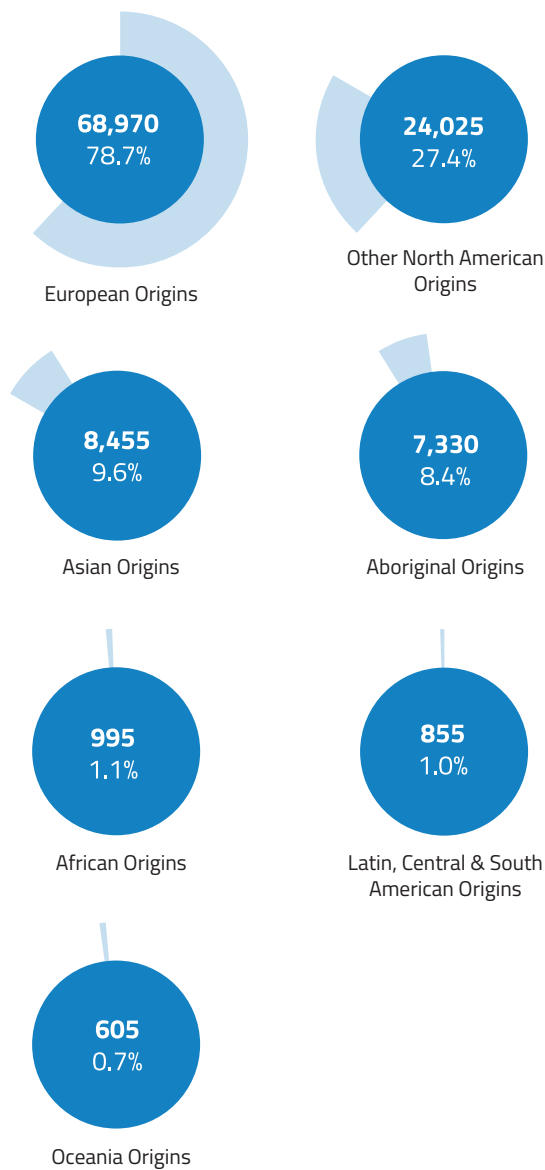
Children (aged 0-14 years) represent **14%** of Nanaimo’s total population. This segment of population will increase by **4.1%** by 2024. The 65+ category represented **23%** of total population in 2019 and is expected to grow another **17.1%** by 2024.

By 2024, the working age category is expected to represent **61%**, the children category **13%**, and the 65+ category **26%** of total population.

Looking forward, population will grow at a slower pace. Gains will be made in most age categories but the largest growth will occur in the **65+** category.

SOURCE: BC STATS

City of Nanaimo Ethnic Origins
(2016)



City of Nanaimo Visible Minorities

	2019	2024	% Change
Chinese	2,762	3,131	↑ 13%
Latin American	550	599	↑ 9%
Filipino	928	997	↑ 7%
Black	760	778	↑ 2%
Japanese	473	482	↑ 2%
Southeast Asian	836	844	↑ 1%
West Asian	198	200	↑ 1%
Arab	281	282	0%
South Asian	2,207	2,200	0%
Korean	401	392	↓ -2%
Visible Minority (not inc. elsewhere)	78	73	↓ -6%
Multiple	254	229	↓ -10%
Total	9,728	10,207	↑ 5%

PROJECTED

Diversity

The largest segment of residents in Nanaimo are of European origins, representing **79%** of the total population. At **27%**, the second highest group is Other North American Origin (excluding Aboriginal), and the third largest is Asian origins at **10%**. Aboriginal origins represent **8.4%** of the population. The largest population gains in the last census were in the Asian and European origin categories.

Visible minorities represent **9.9%** of Nanaimo’s total population. As the overall population grows, Nanaimo is seeing greater diversity in its population. The three largest minorities in Nanaimo are Chinese (**2.6%**), South Asian (**2.2%**), and Filipino (**1.1%**). The total visible minority population in Nanaimo is expected to increase by **5%** by 2024. The largest growth is expected to come from Chinese migrants (**369 persons**), followed by Filipino (**69 persons**) and Latin American (**49 persons**).

BC’s visible minority population is at **31.1%**. The three largest minorities in BC are Chinese (**11.7%**), South Asian (**7.8%**), and Filipino (**3.6%**). Vancouver has the most diverse population in BC with visible minorities representing **48.9%** of the total population — with Chinese at **19.6%**, South Asian **12%** and Filipino at **5.1%**.

SOURCE: 2016 CENSUS, ENVIRONIC ANALYTICS

Business Licenses by Industry Sector (City of Nanaimo 2019)

 Professional, Scientific, Technical	780	 Finance and Insurance	126
 Retail Trade	760	 Wholesale Trade	120
 Other Services (except Public Admin.)	653	 Education and Training	82
 Health Care and Social Assistance	646	 Information and Cultural	41
 Admin. + Support, Waste Mgmt. + Remed.	503	 Mgmt. of Companies/Enterprises	3
 Real Estate, Rental and Leasing	449	 Construction	1,171
 Accommodation and Food Services	346	 Manufacturing	162
 Arts, Entertainment and Recreation	212	 Agriculture, Forestry, Fishing and Hunting	11
 Transportation and Warehousing	166	 Utilities	2

Goods Producing Sector

Service Producing Sector

Business Licenses

In 2019, the City of Nanaimo had **6,233** licensed businesses. The largest number of business licenses were issued to the Construction sector, followed by Professional Scientific and Technical Services and the Retail sector.

The number of total businesses licensed increased by **9%** over the last decade. 2019 business licenses increased by **87**, representing **1%** growth over 2018. (Note: business licenses represent all types of private businesses, sole proprietorships, partnerships and incorporated businesses).

SOURCE: CITY OF NANAIMO

Businesses by Employee Size (City of Nanaimo)

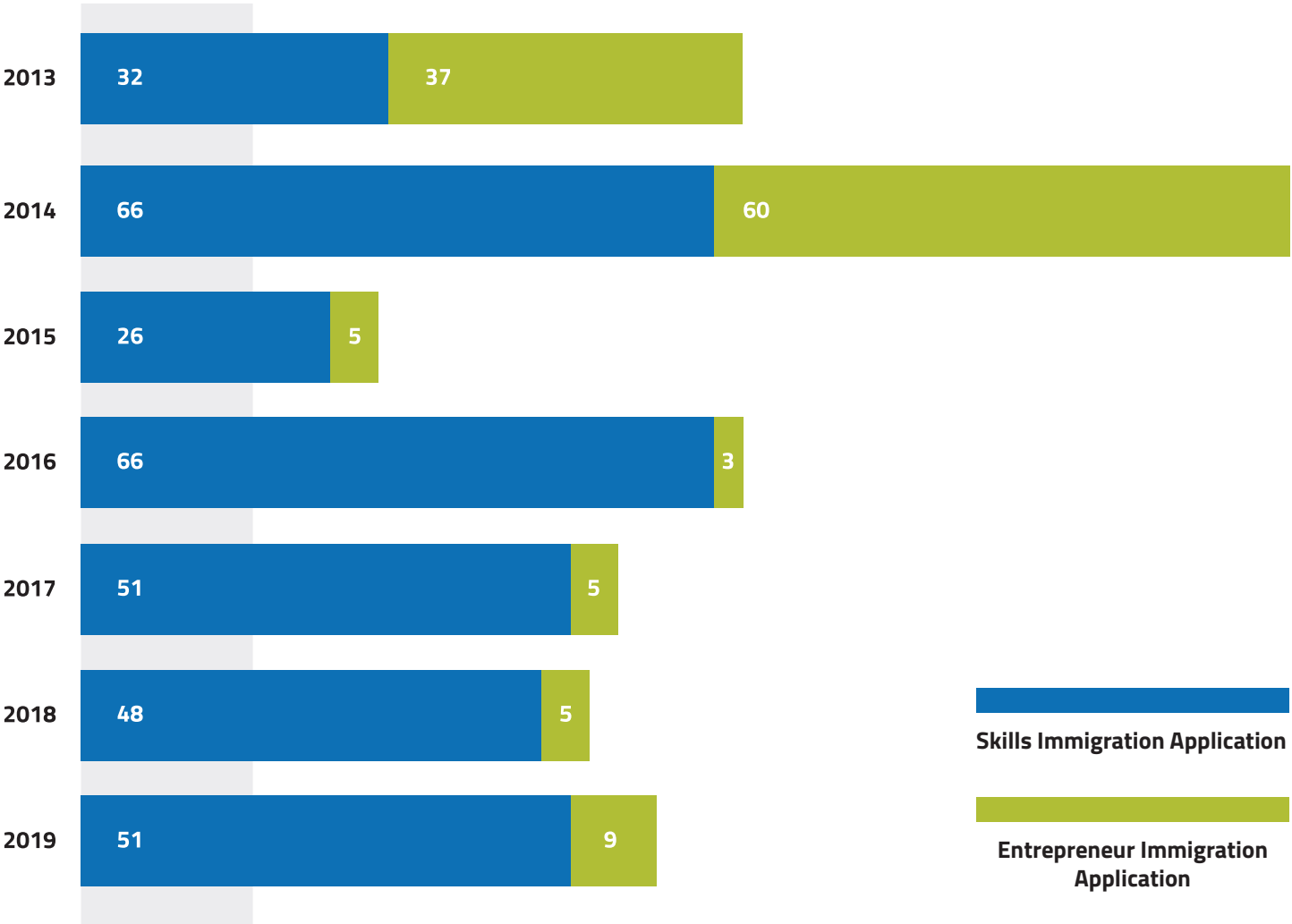
	2008	2013	2018	10 Year Growth Rate (2008-18)
1-4	1,508	1,643	1,729	↑ 14.7%
5-9	693	703	720	↑ 4.0%
10-19	382	472	516	↑ 35.1%
20-49	223	294	276	↑ 23.8%
50-99	55	89	84	↑ 52.7%
100-199	21	28	32	↑ 52.4%
200-499	11	8	16	↑ 45.5%
500+	4	5	7	↑ 65%
Total:	2,896	3,242	3,380	Average: ↑ 16.7%

Size of Business

Overall Nanaimo’s businesses with employees (one or more) grew by **16.7%** in the past decade. The rate of growth was **4.3%** in the past five years (2013-2018) compared to **11.9%** in the five years prior (2008-2013). Tighter labour market conditions and increasing real estate costs over the last five years have likely contributed to the lower human resource expansion rates. Significant growth in entrepreneurship and sole proprietorship has likely contributed as well.

SOURCE: BC STATS

Applications to the Provincial Nominee Program (City of Nanaimo)



The BC Provincial Nominee Program (BC PNP)

The BC PNP facilitates the immigration of skilled foreign workers, international students, and entrepreneurs. Prospective applicants are nominated for permanent residency through either the Skills Immigration stream or through the Entrepreneur Immigration stream.

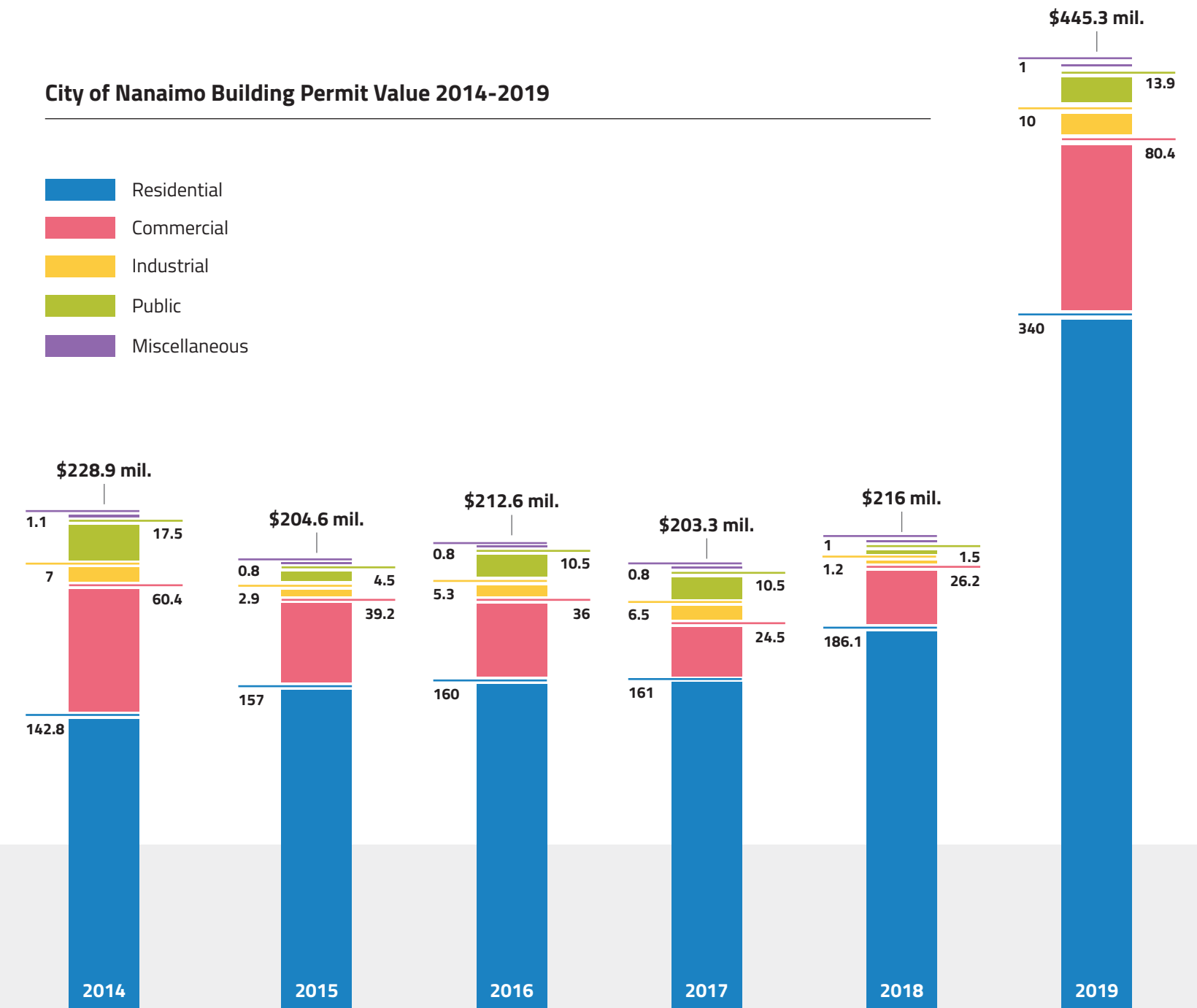
Applicants under the Skills Immigration stream are selected based on the skills, education and/or experience required for high-demand occupations in the province. There were **439** applicants for Nanaimo under this stream in the last ten years, of which **77%** received nominations for permanent residency.

Nominees under the Entrepreneur Immigration stream are required to meet a determined financial investment amount (**\$200,000** investment), and demonstrate the ability to create job opportunities. There were **162** applicants for Nanaimo in the last ten years of which **19%** received nominations and work permits. Over the past decade **\$12 million** were invested and **53** new jobs were created in Nanaimo through the BC PNP Program.

SOURCE: BC MINISTRY OF JOBS, TRADE AND TECHNOLOGY

City of Nanaimo Building Permit Value 2014-2019

- Residential
- Commercial
- Industrial
- Public
- Miscellaneous



Building Permits

2019, was an all-time record breaking year for building permit activity. At **\$445.3 million** in 2019 building permit values increased by **106%** over 2018. Prior to 2019, the highest year recorded for building permit activity was 2007at **\$253 million**.

Overall, residential permits accounted for **76%** of the total value of building permits, commercial for **18%**, and industrial and public combined for **5.3%**.

In 2019 growth occurred in each category of building permits issued. Residential permits grew by **83%**, commercial by **207%**, industrial by **733%** and public by **827%** over 2018 values. Non-residential building permit values nearly quadrupled in 2019 in comparison to 2018.

SOURCE: CITY OF NANAIMO



2020 Estevan Road
NEW CHURCH, 74 RESIDENTIAL RENTAL UNITS



1515 Dufferin Crescent
5-STOREY MEDICAL CENTER AND PARKADE



100 Gordon Street
9-STOREY, 172-UNIT HOTEL



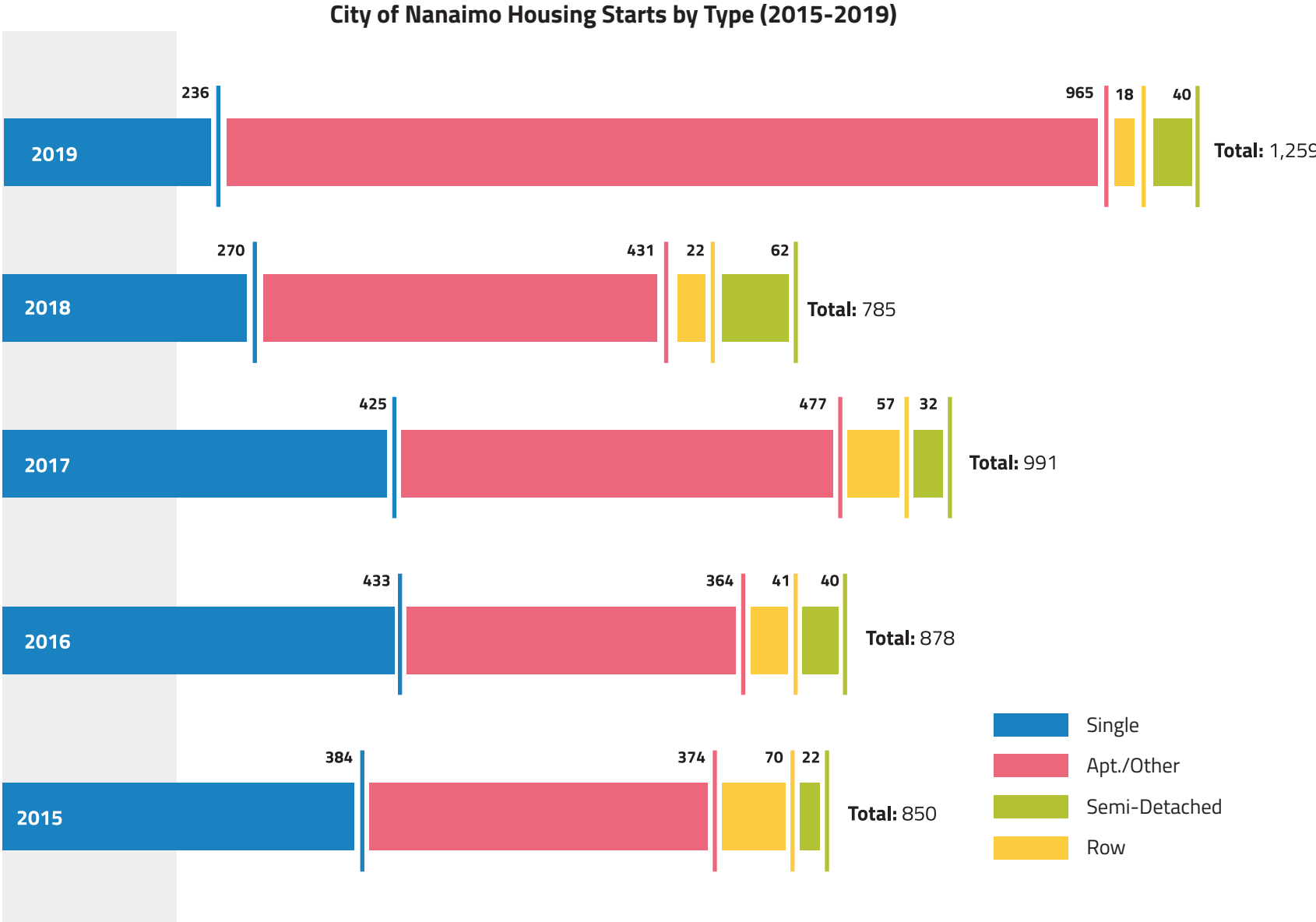
10 Buttertubs Drive
159-UNIT AFFORDABLE SENIOR HOUSING

Major Projects

In 2019 and 2018 there were 34 projects with a minimum value of **\$2 million** or more. 2019 saw an array of mixed use projects including multi family dwellings, medical offices, apartments, condominiums, affordable housing and three hotel developments.

While the majority of these projects are spread throughout the north end, downtown and south end of Nanaimo; all three hotels are in the downtown core. These hotels will add much needed additional quality accommodation in the downtown core and enable the Vancouver Island Conference Centre to bid on larger conferences.

SOURCE: CITY OF NANAIMO



Housing

Housing starts, like building permits, are a leading indicator of economic activity. By October 2019 there were **1,141** housing starts compared with **693** in 2018. This is **65%** growth over the one year term. There is a significant trend towards denser forms of housing i.e. apartments, condos compared to single or semi-detached housing due to rising real estate values, higher interest rates and stricter mortgage qualifications.

Single-detached homes make up the majority of housing in the area. As the city grows the mix of housing has been changing, with a decline in single-family and increase in multi-family housing types.

SOURCE: CMHC

Average Home Price (Single Family, Detached House - New)

Vancouver	Victoria	Nanaimo
2018 \$2,534,609	2018 \$1,212,945	2018 \$755,261
2019 \$2,174,414	2019 \$1,131,310	2019 \$836,853
Percentage Change ↓ 14%	Percentage Change ↓ 7%	Percentage Change ↑ 11%

 Vancouver \$2,174,414	 Victoria \$1,131,310	 Nanaimo \$836,853
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Housing Prices

The housing market in Vancouver and Victoria cooled in 2019. The average price for a brand new single family detached home dropped by **14%** in Vancouver and **7%** in Victoria and increased by **11%** in Nanaimo (CMHC Oct 2019).

Despite the drop in prices in Vancouver and Victoria the same brand new single family detached home in Nanaimo costs roughly one-third the price of Vancouver and three-quarters the price of Victoria.

The average selling price of single family home in Nanaimo was **\$563,725** in October 2019, up **2%** from 2018.

SOURCE: CMHC

Average Monthly Rent (City of Nanaimo)

	Bachelor	One Bedroom	Two Bedroom	Three + Bedroom
2018	\$795	\$886	\$1,084	\$1,265
2019	\$889	\$946	\$1,170	\$1,306
% Change	↑ 11%	↑ 7%	↑ 8%	↑ 3%

Comparison of Average Monthly Rent (2 Bedroom Apartment)

	Vancouver	Victoria	Nanaimo
2018	\$1,649	\$1,406	\$1,084
2019	\$1,748	\$1,448	\$1,170
% Change	↑ 6%	↑ 3%	↑ 8%

Rental Market

67% of the residents in Nanaimo own their home while 33% live in rental accommodations (Environic Analytics 2019). Average rent for two-bedroom apartment in Nanaimo was **\$1,170** in 2019 (CMHC). The average rent in Nanaimo increased by **8%** in 2019, compared to **10%** in 2018. Rent for a 2-bedroom apartment increased by **3%** in Victoria and **6%** in Vancouver in 2019.

The number of units available for rent in 2019 increased by **3.2%** in Nanaimo, by **1.3%** in Vancouver and by **2.3%** in Victoria. Despite the additional supply, increased demand for rental units led to vacancy rates dropping from **2.5%** to **2.0%** in Nanaimo. Between 2018 and 2019 vxacancy rate dropped in Victoria from **1.2%** to **1%** and increased in Vancouver from **1.0%** to **1.1%**.

SOURCE: CMHC

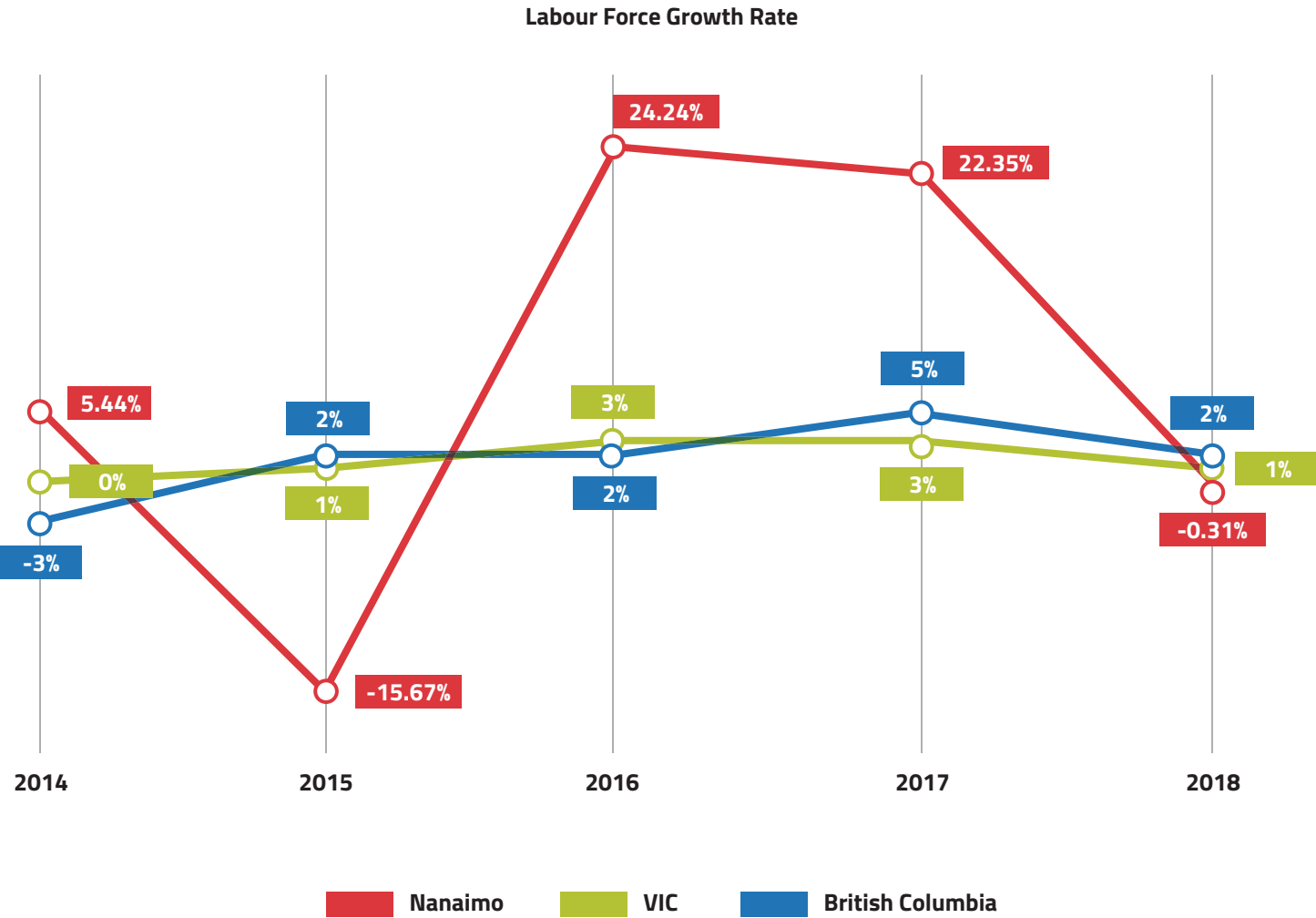


Seniors Housing

The overall vacancy rate for standard space in senior’s residences in the Nanaimo region was **2.2%** in 2019, compared to **3.0%** in 2018. Demand for seniors’ housing was mainly supported by a growing senior’s population.

328 new units were added to existing supply to bring the total to **3,038** units in 2019. Despite the additional rental supply, rising demand led to average rent increases.

SOURCE: CMHC



Labour Force

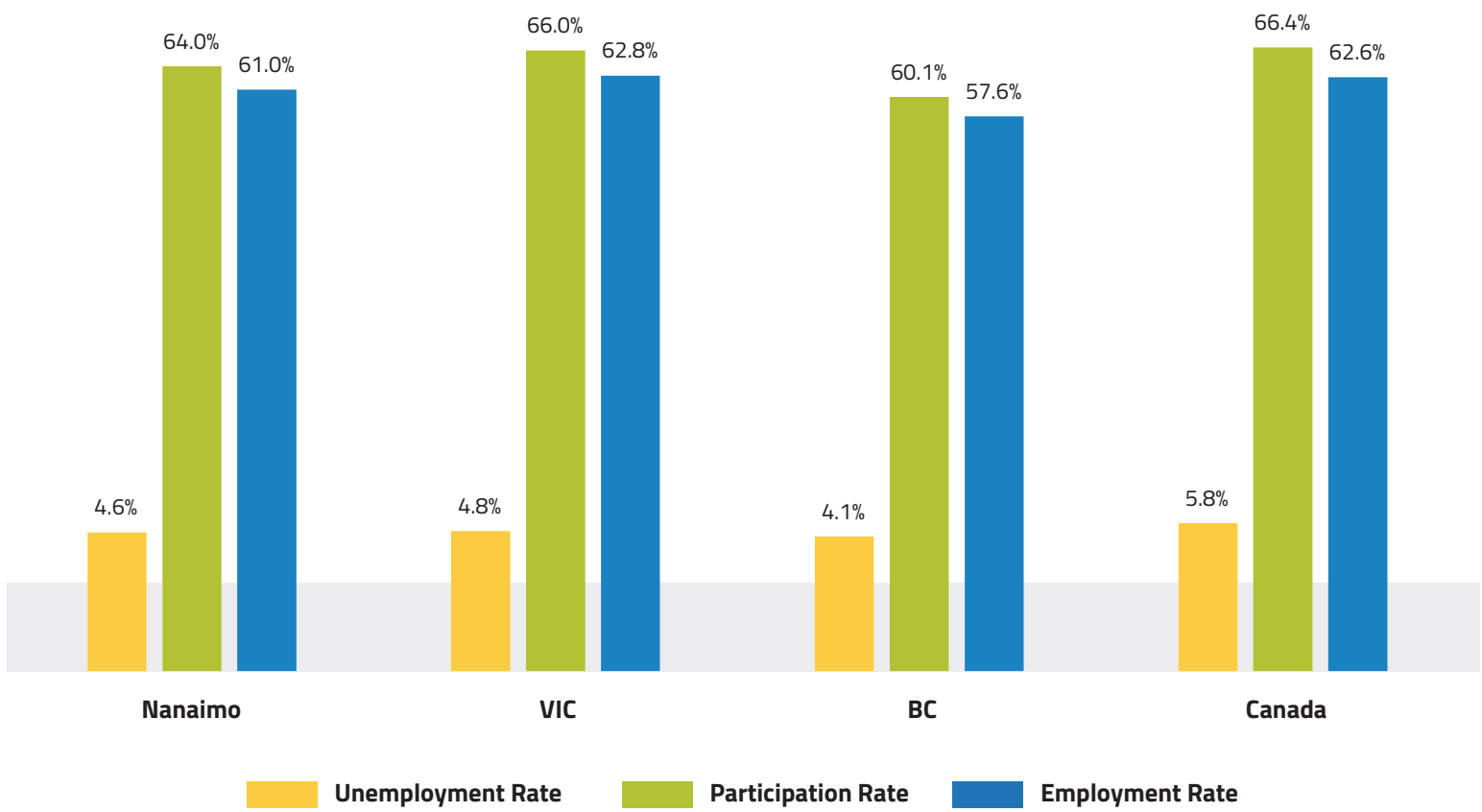
The labour force is composed of those 15 years of age and older who are either employed or actively seeking work. Changes in the labour force are the result of changes in population and economic opportunities. A growing economy attracts workers from other areas and induces people to enter the labour force. When the economy slows, people leave in search of opportunities elsewhere or withdraw from the labour force.

On average Nanaimo’s labour force grew by **7.21%** annually between 2014 and 2018, while the province grew at **1.54%** and Vancouver Island Coast region at **1.51%**. Labour force growth rates in Nanaimo generally follow a similar pattern to that in the province as a whole, however tend to have greater variance. This variability likely stems in part from measurement error in the labour force survey due to small sample size.

The five-year average growth rate is more accurate measure of labour force activity in Nanaimo due to the variability in the labour force survey. In 2018, **64,400** people were in the labour force. In September 2019, **67,300** persons were in the labour force in Nanaimo.

SOURCE: STATS CANADA

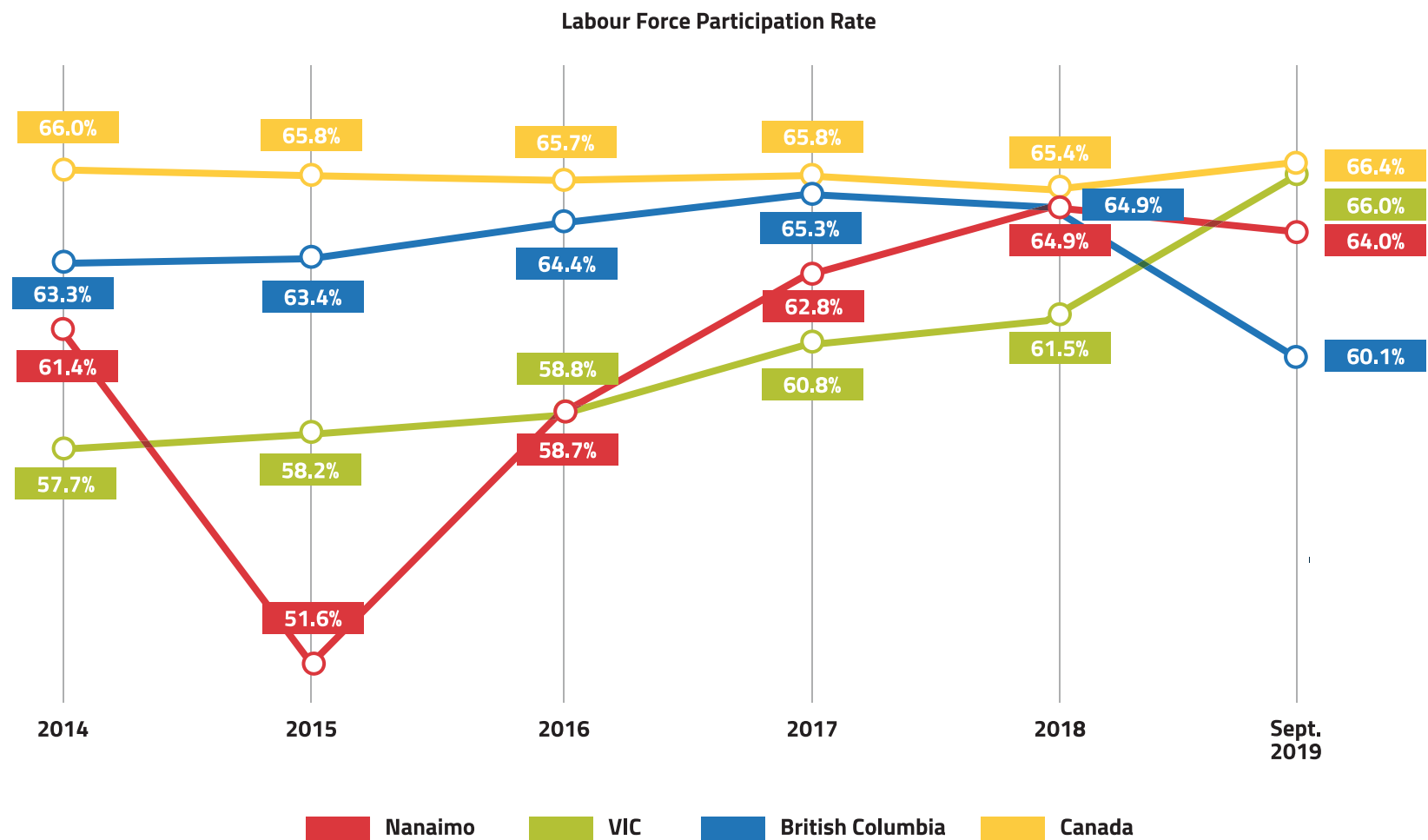
Unemployment, Participation, and Employment Rates (September 2019)



Unemployment Rate

Nanaimo’s unemployment rate was **4.6%** in September 2019, slightly lower than Vancouver Island Coast (**4.8%**) but higher than BC (**4.1%**). Historically Nanaimo’s unemployment rate has been below BC’s and the Canadian average. However, in the past three years Nanaimo’s unemployment rate was higher than VIC and BC. An ideal unemployment rate for a healthy economy is between **4.5 to 5%**.

SOURCE: STATS CANADA



Labour Force Participation Rate




















Nanaimo's labour force participation rate has been increasing in recent years with a slight dip in the first nine months of 2019. The labour force participation rate measures the share of the population 15 years and over that are in the labour force.

Regions with younger populations tend to have higher labour force participation rates while those with an older population have lower rates. Participation rates also tend to fall during recessions and rise during expansions.

Nanaimo's labour force participation rate tends to be lower than BC, and Canada but relatively similar to the Vancouver Island Coast Region. This is a reflection of the older age structure of Nanaimo and Vancouver Island Coast (VIC) population and is consistent with historical patterns. The greater variability in Nanaimo's participation rate is likely due to the smaller sample size of the labour force survey.

SOURCE: STATS CANADA

Percentage of Labour Force by Industry Sector (City of Nanaimo 2019)

 Retail Trade	14.82%	 Information and Cultural	2.85%
 Health Care and Social Assistance	14.79%	 Wholesale Trade	2.46%
 Accommodation and Food Services	8.56%	 Arts, Entertainment and Recreation	1.90%
 Educational Services	6.92%	 Real Estate, Rental and Leasing	1.69%
 Professional, Scientific, Technical	6.31%	 Mgmt. of Companies/Enterprises	0.51%
 Admin. + Support, Waste Mgmt. + Remed.	5.19%	 Construction	8.82%
 Public Administration	4.90%	 Manufacturing	4.27%
 Other Services (except Public Admin.)	4.69%	 Agriculture, Forestry, Fishing and Hunting	2.34%
 Transportation and Warehousing	4.68%	 Mining, Oil, and Gas	0.96%
 Finance and Insurance	3.30%	 Utilities	0.51%

Goods Producing Sector

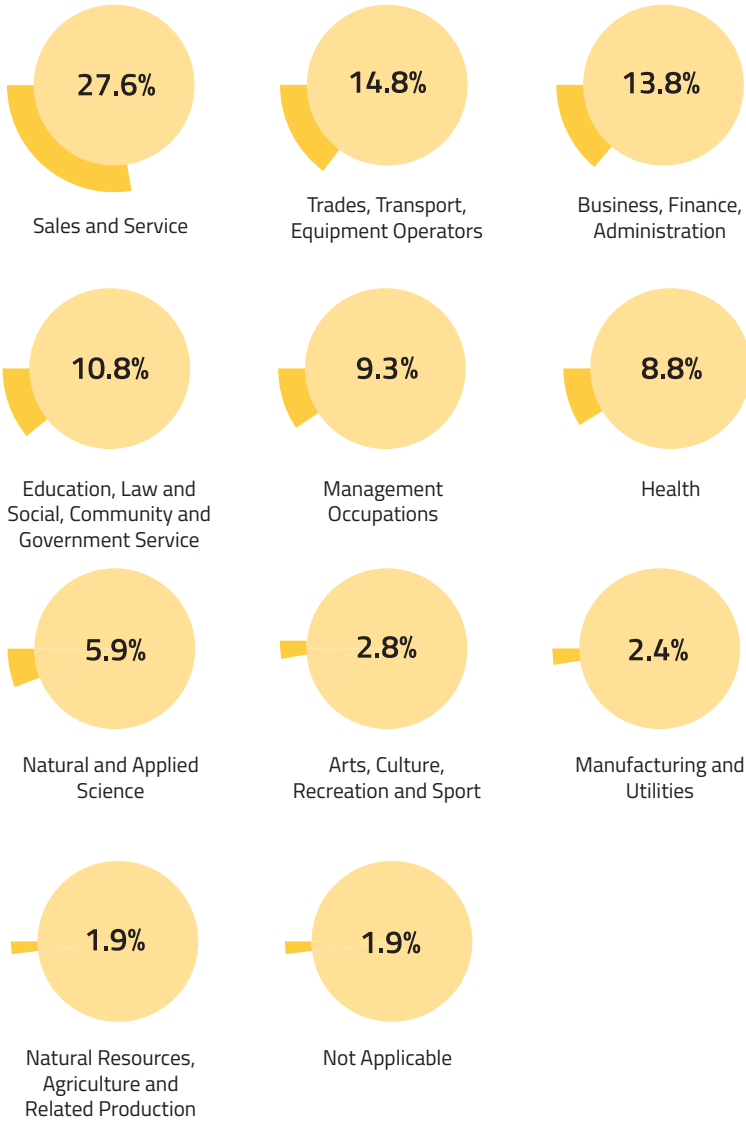
Service Producing Sector





Employment by Industry Sector







The service industry sector accounted for **83.1%** of Nanaimo’s employment base in 2019 and the goods producing sector **16.9%**.

The greatest number of jobs are provided by the retail and healthcare and social assistance sector followed by construction, accommodation and food services and educational services.

SOURCE: ENVIRONIC ANALYTICS



Workplace		
	Fixed Workplace	77%
	No Fixed Workplace	15%
	Work at Home	8%
	Work Outside of Canada	0.43%

Mode of Transportation		
	Drive to Work	77%
	Car Passenger	7%
	Public Transit	4%
	Walk	7%
	Cycle	2%
	Other Method	2%

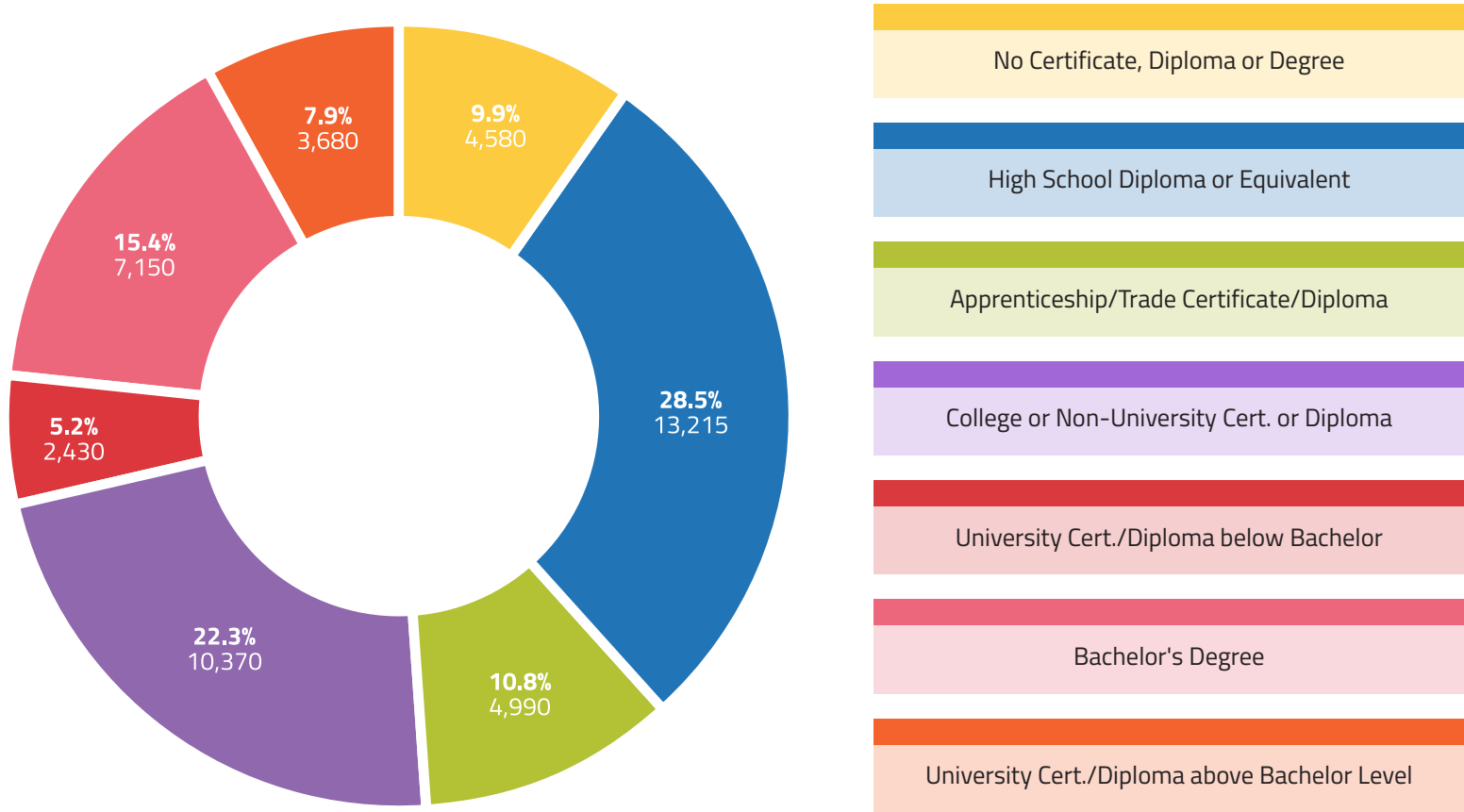
Labour Force: Occupation, Workplace, Transportation

Sales and service occupations made up **27.6%** of all jobs in Nanaimo in 2019. The next three categories (Business, Finance, Administration, Education, Law and Social, Community and Government Services and Management Occupations) fall into professional services and together they account for the largest number of occupations (34%) in Nanaimo. The next three categories fall into professional services, together they account for the largest number of occupations (**34%**) in Nanaimo.

77% of the workforce have a fixed place of work, followed by **15%** who travel to different worksites. Approximately **8%** of the workforce work at home, and nearly half a percent work outside of Canada. The vast majority (**77%**) of the workforce drive to work.

SOURCE: ENVIRONIC ANALYTICS

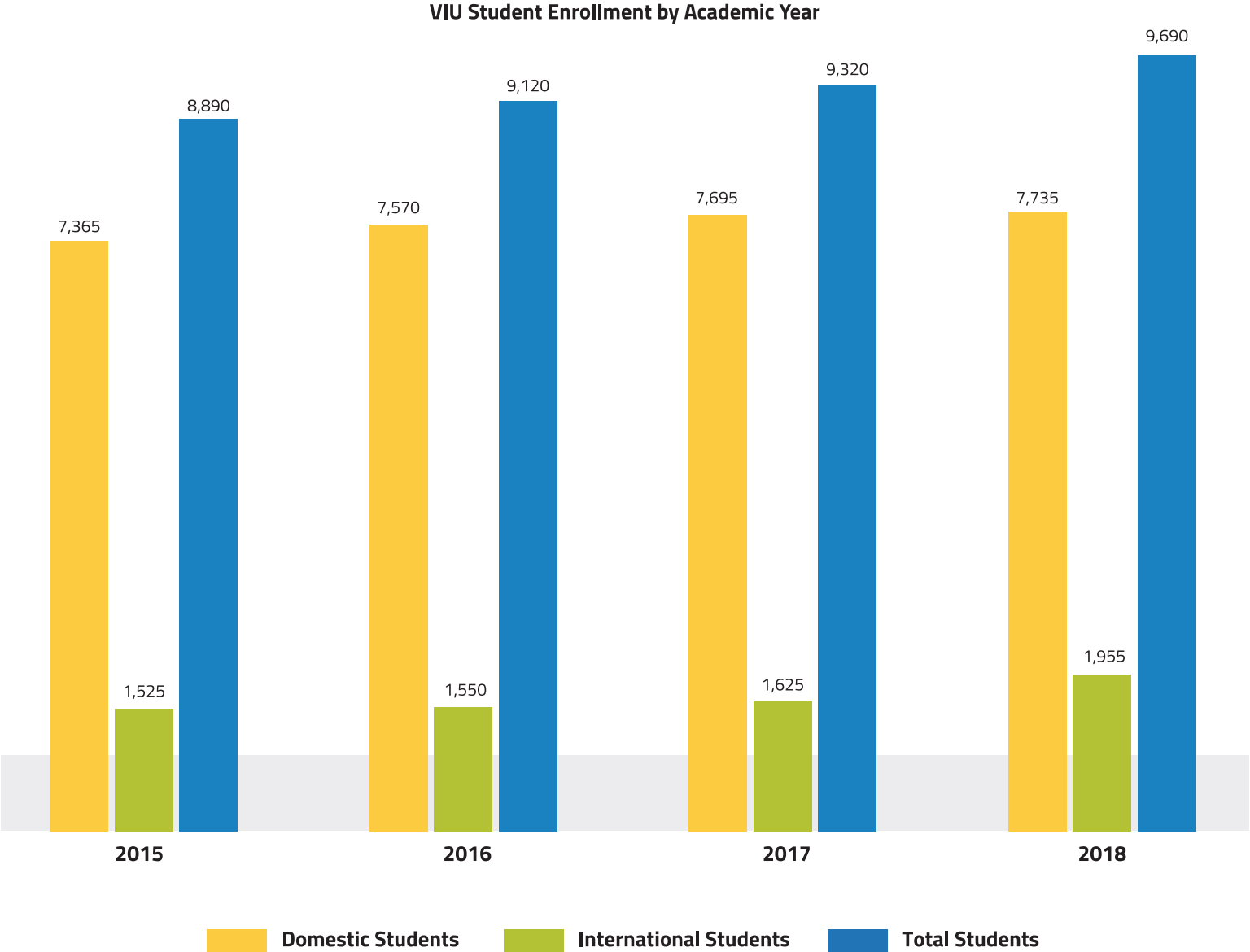
Educational Attainment (City of Nanaimo, Ages 25-64)



Labour Force by Education

When considering perhaps the most productive portion of the labour force (those between the ages of 25-64) Nanaimo has a higher proportion of high school graduates (**28.5%**) compared to BC (**26.5%**), but lower proportion of population holding post-secondary credentials. Nanaimo's portion of population with a bachelor's level of education or above is **23.3%** compared with BC's average of **29.9%**.

SOURCE: 2016 CENSUS



VIU Enrollment

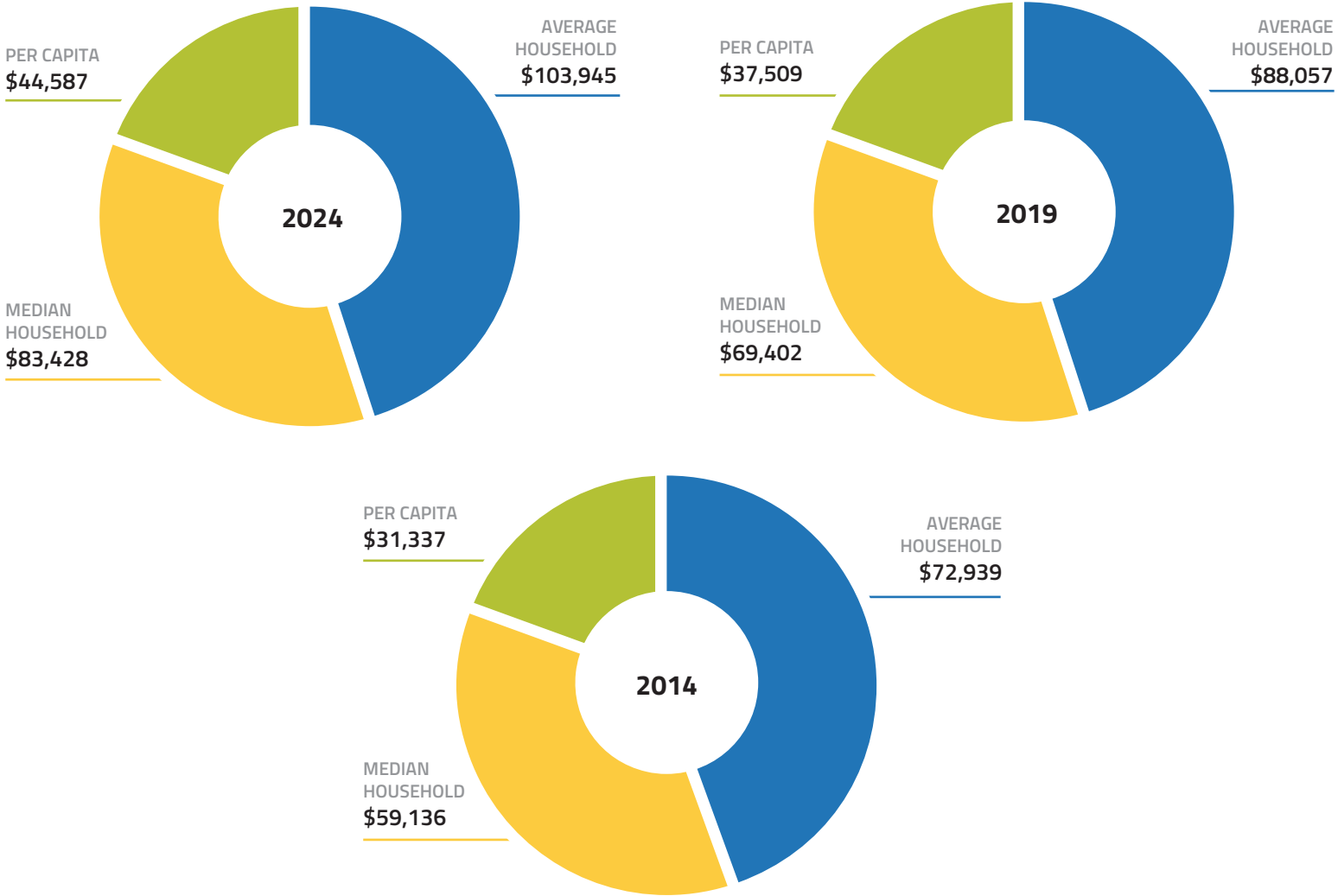
Student enrollment at VIU continued to grow in 2018. International student enrollment increased by **20%** while overall student enrollment increased by **4%**.

Business counts in the educational services sector grew by **6%** from **69** to **73** in 2018. Employment in the educational services sector in the City of Nanaimo was at **3,355** during the 2016 Census, a growth of **6%** from 2011.

Going forward enrollments are expected to continue to grow at modest rates. Ongoing trade tensions with China could lead to fewer students from China choosing to study in BC potentially impacting VIU international student numbers.

SOURCE: MINISTRY OF ADVANCED EDUCATION AND TRAINING

City of Nanaimo Median, Average, and Per Capita Income



Median, Average and Per Capita Income

In 2019, the median household income in the City of Nanaimo was **\$69,492**. This is a **17.5%** increase in the last five years. By 2024, Nanaimo’s median household income is projected at **\$83,428**, growth of **20.1%**. BC’s Median household income was **\$79,513** in 2019 and is projected to grow by **15.8%** over the next five years.

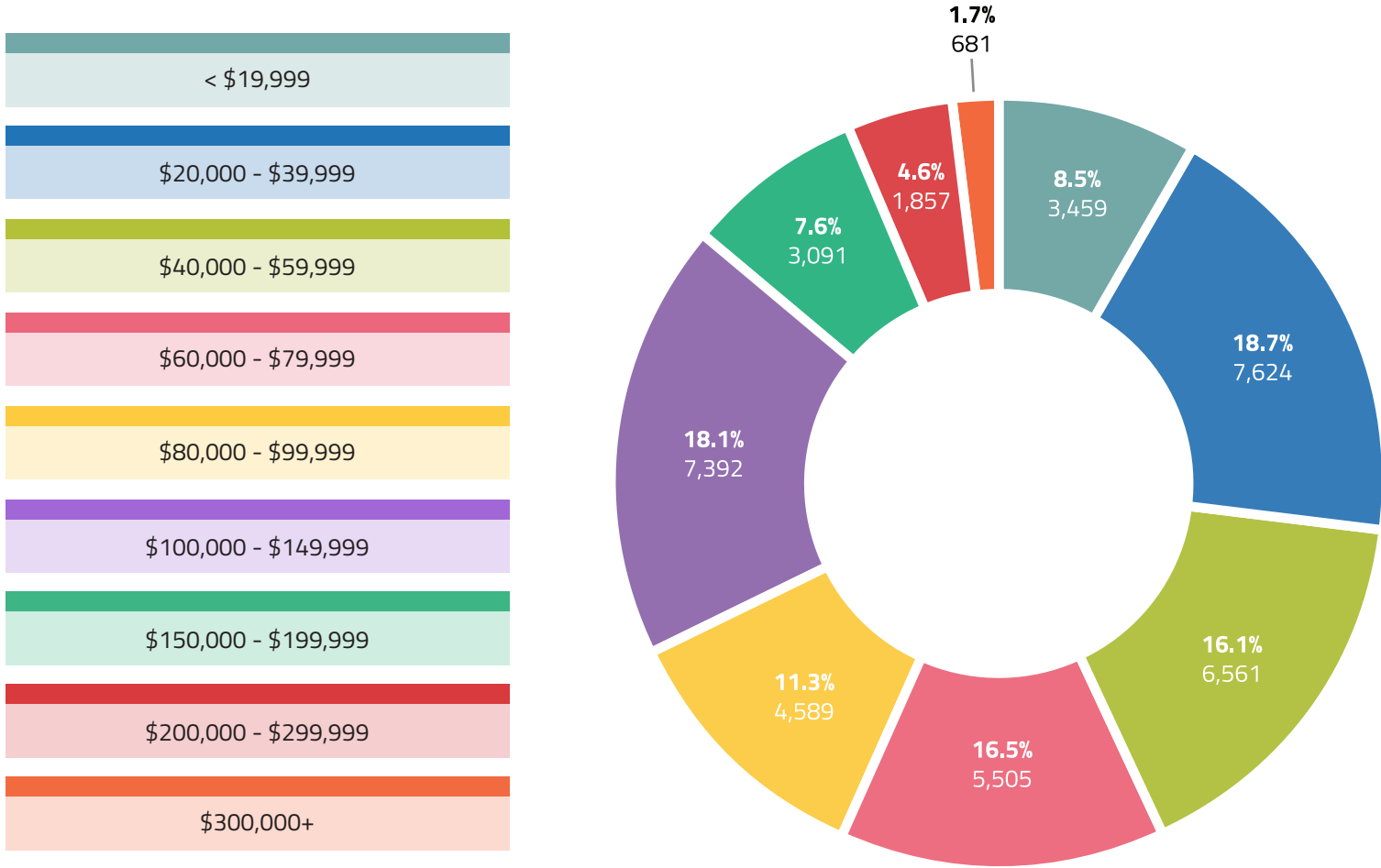
In 2019, the average household income in the City of Nanaimo was **\$88,057**, an increase of **20.7%** in the past five years. Average household income is projected to reach **\$103,945** by 2024. BC’s average income for 2019 was **\$105,535** and is projected to grow to **\$122,281** by 2024.

Nanaimo’s per capita income in 2019 was **\$37,509**, this is an increase of **19.7%** in the past five years. Projected per capita income for 2024 is **\$44,587**, an increase of **18.9%**. BC’s per capita income was **\$42,267** in 2019 and will reach **\$48,864** by 2024.

Nanaimo’s projected rate of growth in median, average and per capita income is higher than BC, however Nanaimo is still below BC’s average in all three categories.

SOURCE: ENIVRONIC ANALYTICS

City of Nanaimo Income Distribution (2019)



Income Distribution

The largest number of households in Nanaimo (7,624 or 18.7%) report household income between \$20,000 and \$39,999 per annum.

The second largest number of households (7,392 or 18.1%) report household income of \$100,000 to \$149,999 per annum.

32% of the households in Nanaimo earned \$100,000 or more in 2019, while 28% earned between \$60,000 to \$99,999.

SOURCE: ENVIRONIC ANALYTICS



Tourism

Overall, Nanaimo's tourism sector had a strong year. The average occupancy rate in Nanaimo was **74.62%** in 2019, down **1.26%** from 2018. This impacted the revenue per available room to drop by **\$1.62** to **\$104.40**.

Vehicle volumes on BC Ferries two routes to the mainland (Duke Point to Tsawwassen and Departure Bay to Horseshoe Bay) dropped by **0.04%** and passenger volumes dropped by **0.40%**.

The Nanaimo Airport volumes in 2019 were up by **12.9%** over 2018. The Vancouver Island Conference Centre (VICC) delegate days dropped by **31.3%** in 2019 compared to 2018. VICC delegate days are in line with historical performance after taking into consideration an unusually large conference in 2018.

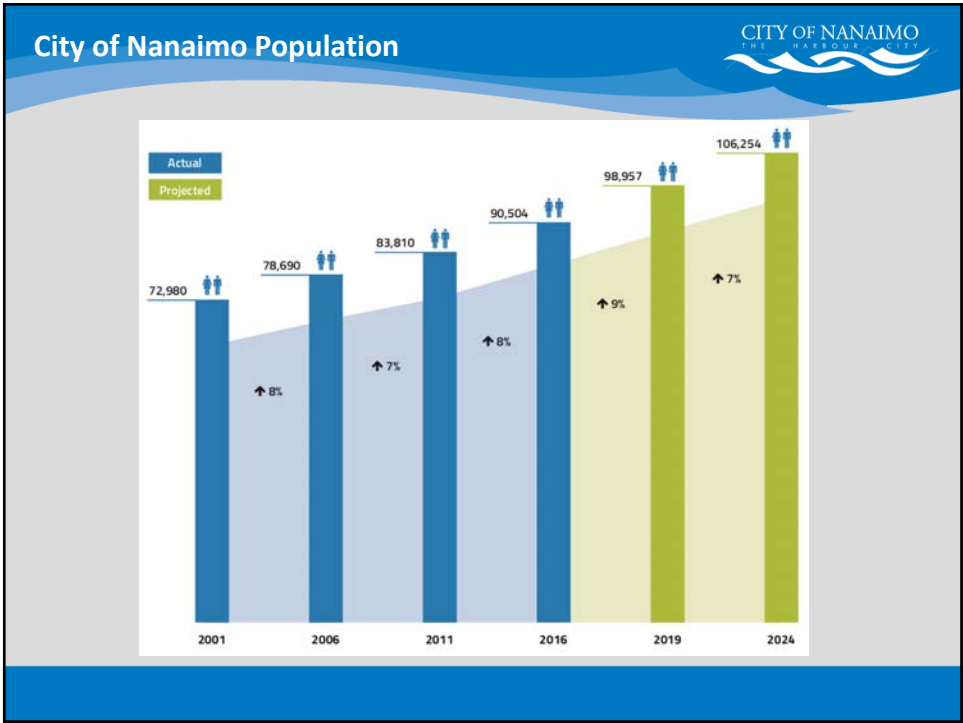
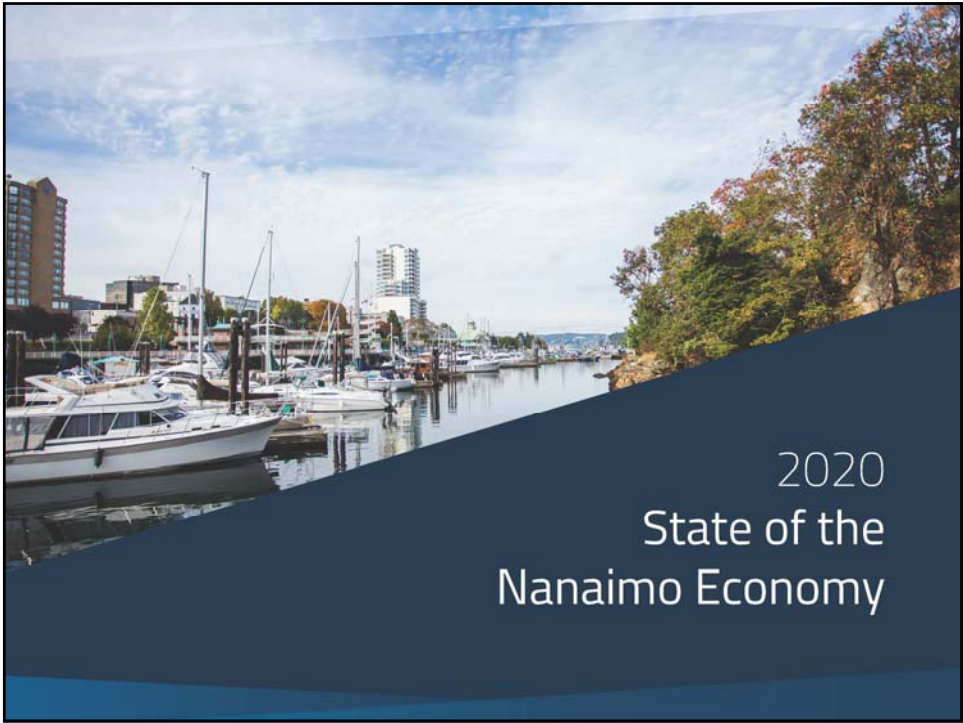
SOURCE: CHEMISTRY CONSULTING, NANAIMO AIRPORT, BC FERRIES, VICC

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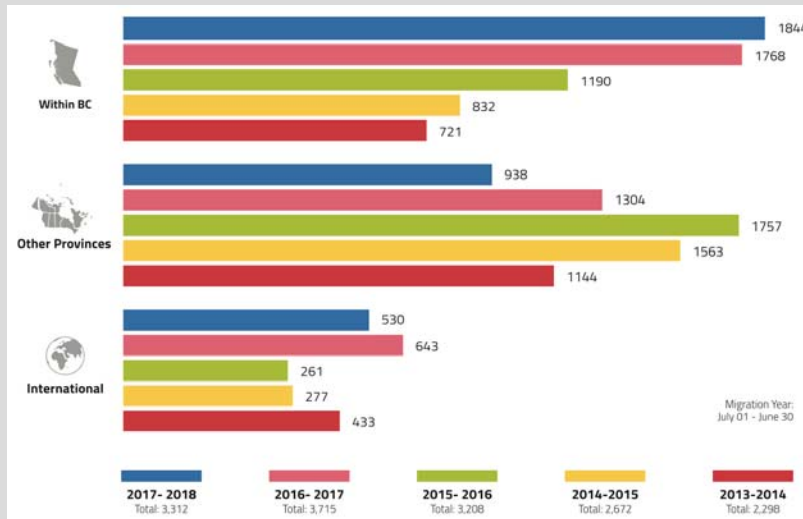
Design and Layout: Common Foundry







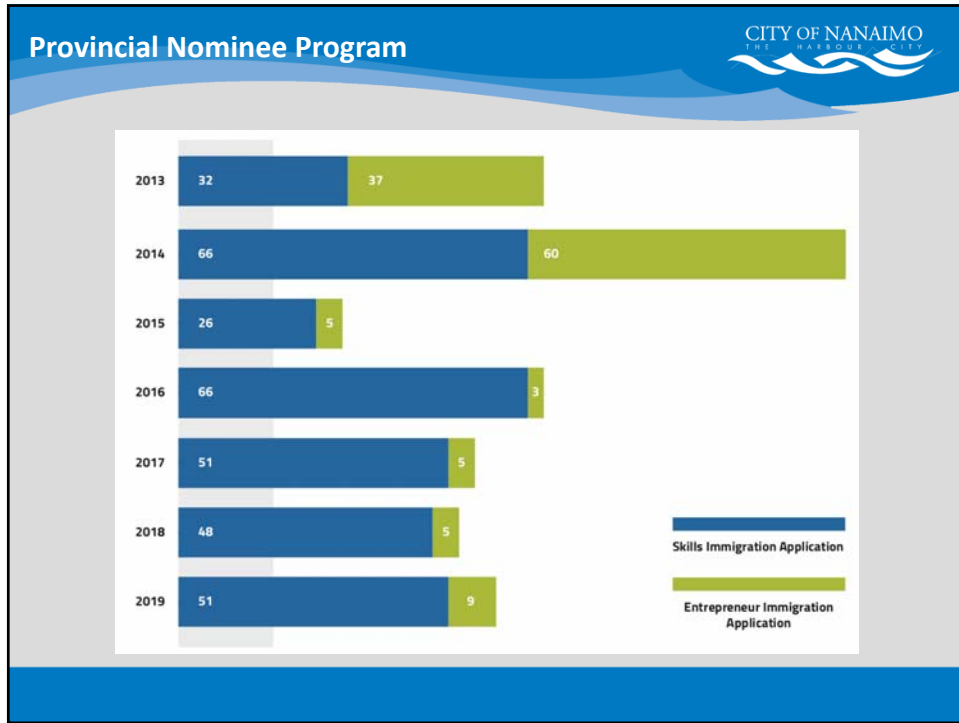
Origin of New Residents (Regional District of Nanaimo)

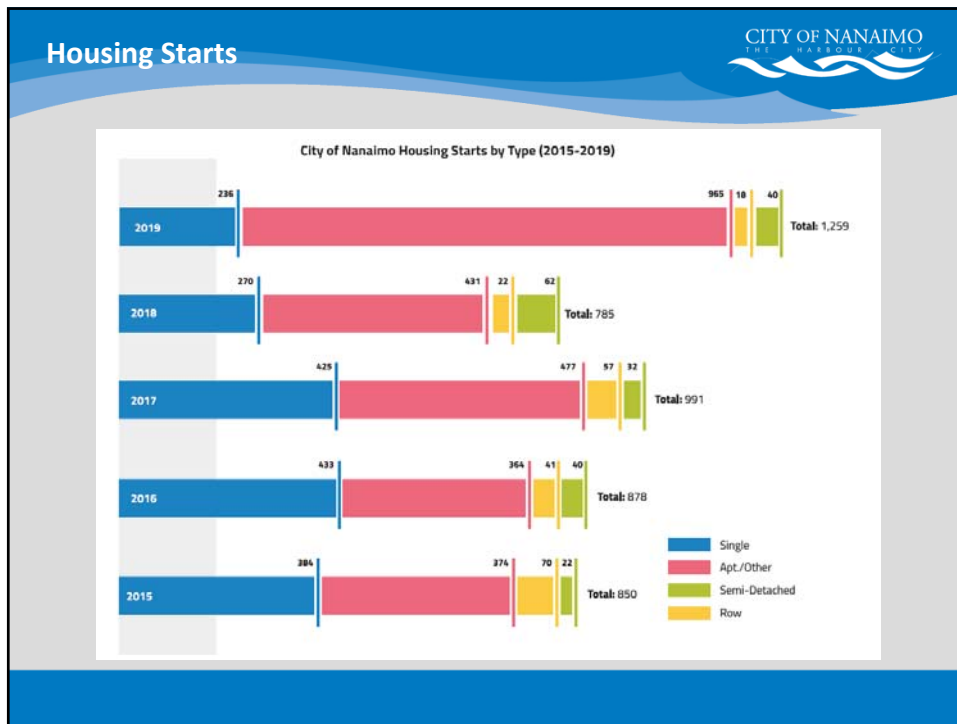


Ethnic Origins and Visible Minorities









Average Monthly Rent



	Bachelor	One Bedroom	Two Bedroom	Three + Bedroom
2018	\$795	\$886	\$1,084	\$1,265
2019	\$889	\$946	\$1,170	\$1,306
% Change	↑ 11%	↑ 7%	↑ 8%	↑ 3%

Comparison of Average Monthly Rent (2 Bedroom Apartment)

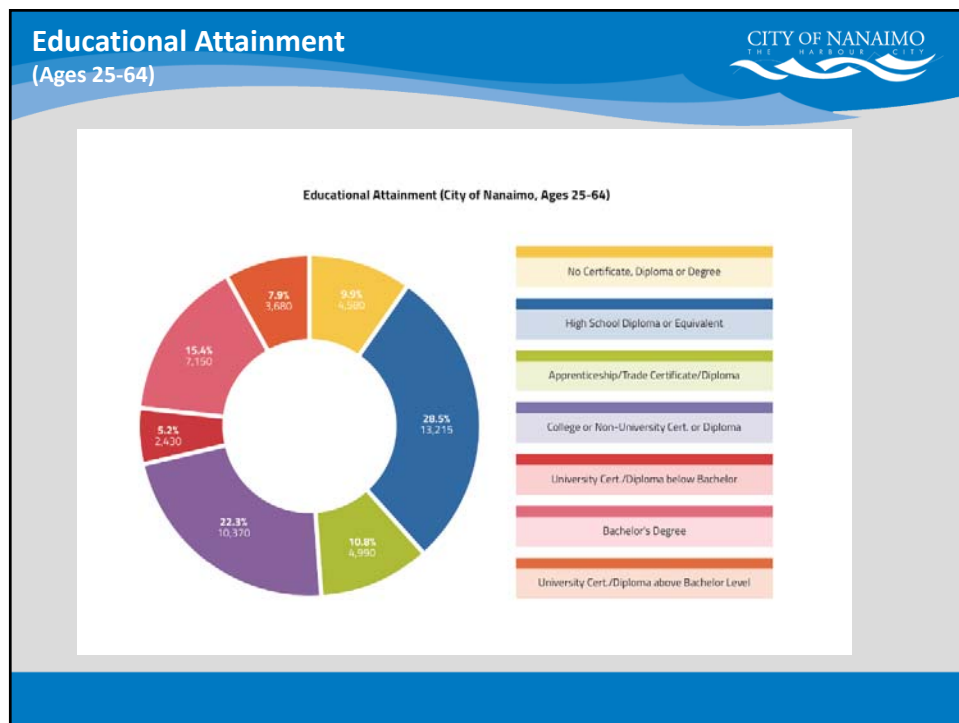
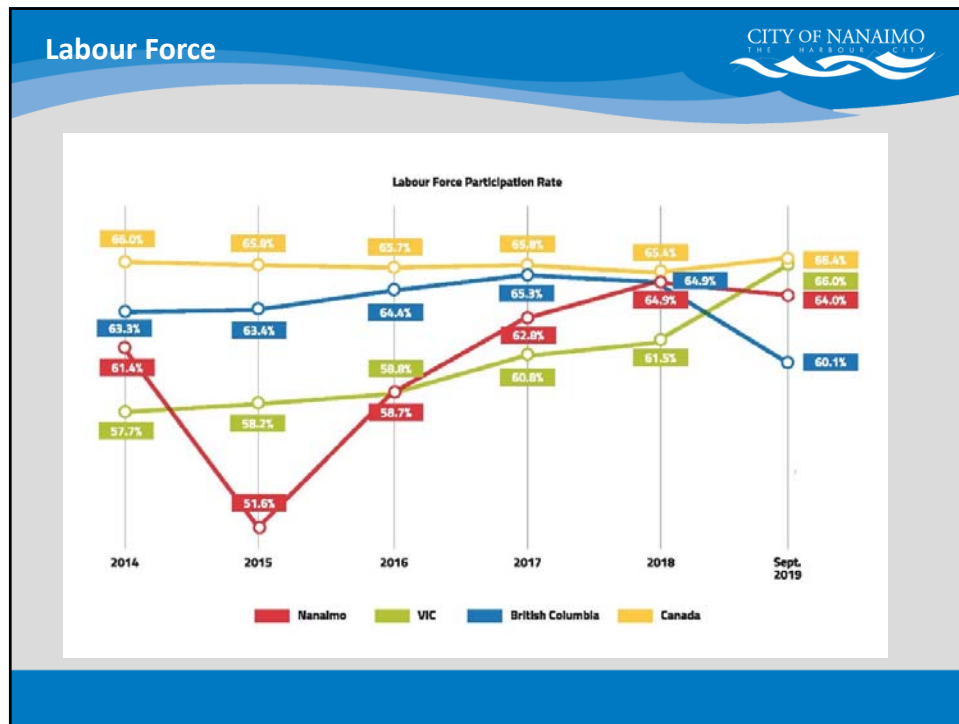
	Vancouver	Victoria	Nanaimo
2018	\$1,649	\$1,406	\$1,084
2019	\$1,748	\$1,448	\$1,170
% Change	↑ 6%	↑ 3%	↑ 8%

Labour Force by Industry Sector

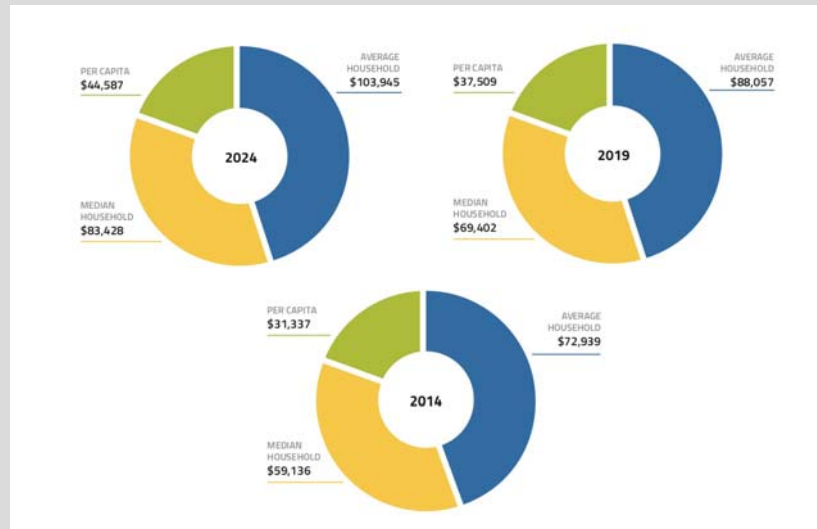


Retail Trade	14.82%	Information and Cultural	2.85%
Health Care and Social Assistance	14.79%	Wholesale Trade	2.46%
Accommodation and Food Services	8.56%	Arts, Entertainment and Recreation	1.90%
Educational Services	6.92%	Real Estate, Rental and Leasing	1.69%
Professional, Scientific, Technical	6.31%	Mgmt. of Companies/Enterprises	0.51%
Admin. + Support, Waste Mgmt. + Remed.	5.19%	Construction	8.82%
Public Administration	4.90%	Manufacturing	4.27%
Other Services (except Public Admin.)	4.69%	Agriculture, Forestry, Fishing and Hunting	2.34%
Transportation and Warehousing	4.68%	Mining, Oil, and Gas	0.96%
Finance and Insurance	3.30%	Utilities	0.51%

Goods Producing Sector
Service Producing Sector



Median, Average and Per Capita Income



Best Cities for Work 2020



City of Nanaimo ranked #1 City on Vancouver Island and 8th Best City in British Columbia for work in 2020.

Full 'State of the Nanaimo Economy' Report available at:
www.investnanaimo.com

Questions: Amrit Manhas, Economic Development Officer, 250-755-4465

SECTION 5

RECOMMENDATIONS

Nanaimo City Council wishes to increase the level of support for the City's economic development function. To ensure that any new investment is focused, effective, and supported by the community, Council initiated an economic development service model review. Neilson Strategies Inc. was retained in late May, 2019, to conduct the review. The consultant was asked, specifically, to advise the City on two points:

- the scope of services that should be included in an enhanced economic development function
- the preferred service model through which the function should be delivered

This *Final Report* has presented the findings of the consultant's work. The evolution of the City's economic development function since its inception has been outlined, as have changes over that time to the service delivery model used. The broad range of other economic development agencies in the community, and the specific services they provide, have also been outlined. An initial scope of services to consider for the City's new, enhanced economic development function has been presented. Alternative service models through which the function could be delivered have been outlined and assessed.

This final chapter of the report presents the consultant's recommendations for the City to consider. The recommendations were informed by the research and consultation undertaken for the review, and the July 29, 2019, discussion with Council's Governance and Priorities Committee on the *Interim Report*.

RECOMMENDATIONS

Scope of Services

Chapter 3 of the report identifies and comments on the scope of services that the City could consider including in its enhanced economic development function. The list of services in Figure 3.1 focused on service gaps and opportunities that emerged from a review of the City's existing function, discussions with economic development agencies in the community, a review of the agencies and their activities, and research on functions elsewhere.

Figure 3.1 was reviewed with Committee at the end of July. Based on the information presented in Figure 3.1, and the input provided by Committee members, the following recommendation on scope is presented in Figure 5.1.

Figure 5.1 Service Scope Recommendation

- > *THAT Council endorse an initial scope of services for the City's new economic development function that includes:*
 - *the development, implementation, and maintenance of a new Nanaimo Economic Development Strategy*
 - *the formulation of Nanaimo-specific economic reports on economic activity, performance, trends, opportunities, and needs*
 - *the provision of advice and assistance to existing and prospective businesses that must navigate City Hall to obtain permits, licenses, and other permissions or information*
 - *management of the City's service contract with Tourism VI, as well as future economic development-related service contracts with external agencies*
 - *the provision of input into the formulation of City policies by departments and Council aimed at facilitating economic activity and investment*
 - *the coordination of organizations with roles to play in the community's ongoing economic development*
 - *business attraction efforts, including the promotion of opportunities in Nanaimo, under a single Nanaimo brand*

It was noted earlier in the report that the City does not seek to duplicate or displace the efforts of existing agencies in Nanaimo. The City recognizes that, in many cases, existing agencies have the expertise, and have made the investments needed, to fulfill their respective mandates. The recommended scope reflects this point.

It is important to clarify that recommended scope represents the *initial* scope of services. It is not possible at this point to identify all gaps and opportunities in the economic development service landscape. In the coming years, it is expected that the scope will evolve as gaps, needs, and opportunities become better understood. The potential to establish and manage an investment fund — a service that has been left out of the recommended initial scope — would be revisited at a future point.

Finally, it must be emphasized that the recommended scope focuses solely on the question of "what" should be provided initially by the City in terms of economic development. The recommended scope says nothing about "how" the services should be delivered, or "who" should deliver them. These questions are addressed under the recommended service delivery model, which is examined next.

Service Delivery Model

Chapter 4 of the *Interim Report* identified, outlined, and assessed five service delivery model options for the City to consider. Based on this information, and on

the Committee discussion in late July, recommendations on the preferred service delivery model are presented in Figure 5.2.

Figure 5.2
Service Delivery Model Recommendations

- > *THAT Council endorse the In-House/City-Owned Agency Hybrid Model for the delivery of the City's new Economic Development Function.*
- > *THAT Council, in accordance with the In-House/City-Owned Agency Hybrid Model, divide the scope of services between an in-house economic development group, operated by City staff, and an arm's-length Nanaimo Prosperity Agency, incorporated and owned (primarily) by the City of Nanaimo, governed by an autonomous Board of Directors, and operated by its own staff.*
- > *THAT Council assign the following initial scope of services to the in-house economic development group:*
 - *the development of a new Nanaimo Economic Development Strategy*
 - *the formulation of Nanaimo-specific economic reports on economic activity, performance, trends, opportunities, and needs*
 - *the provision of advice and assistance to existing and prospective businesses that must navigate City Hall to obtain permits, licenses, and other permissions or information*
 - *management of the City's service contract with Tourism VI, as well as any future economic development-related service contracts with external agencies*
 - *the provision of input into the formulation of City policies of other departments and Council aimed at facilitating economic activity and investment*
- > *THAT Council assign the following initial scope of services to the City-owned Nanaimo Prosperity Agency:*
 - *the implementation and maintenance of the Nanaimo Economic Development Strategy (once developed)*
 - *coordination of organizations with roles to play in the community's ongoing economic development*
 - *business attraction efforts, including the development and embodiment of a single Nanaimo brand*
- > *THAT Council establish the Nanaimo Prosperity Steering Committee to oversee the creation of the new Nanaimo Economic Development Strategy, and to fully develop the ownership, funding, governance, staffing, and other elements of the City-owned Nanaimo Prosperity Agency.*

There are two key points to highlight in the Figure 5.2 recommendations. The first concerns the preference for a City-owned agency over an independent contract organization. In the consultant's view, a City-owned Nanaimo Prosperity Agency would be more inclusive than an independent contract organization, and would, as a result, allow for a stronger sense of shared ownership. The use of a City-owned agency would also represent a tested approach that works well in other large cities, and would be viewed as a more legitimate representative of the community in target markets. In the consultant's view, the City-owned agency would receive greater support than the independent contract organization in Nanaimo's economic development community.¹¹

The second point concerns the recommendation to establish a steering committee — the Nanaimo Prosperity Steering Committee. It is envisioned that this Committee would be comprised of a variety of community leaders, including those with experience in economic development and corporate governance. It would be appointed by Council, would report to Council, and would be supported by City staff.

The Steering Committee's mandate would be twofold in nature:

- *Nanaimo Economic Development Strategy* — The Steering Committee would govern, on behalf of Council, the development of the new Nanaimo Economic Development Strategy through an inclusive process.
- *Nanaimo Prosperity Agency* — The Committee would develop a blueprint for the establishment of the City-owned Nanaimo Prosperity Agency. Key success factors would need to be considered and incorporated into the Agency's structure. A strong governance model, with clear roles and responsibilities for the Board and City Council, would be a critical factor, particularly given difficulties that were encountered under the NEDC. Other factors for the Steering Committee to address would include:
 - the Agency's ownership structure, which it is expected would provide for primary (if not sole) ownership by the City, and the possibility of part ownership or investment by other interests¹²
 - funding, both for core functions and key initiatives
 - Council's role — and limitations imposed on the role — in appointing Directors to the Agency's Board, and in overseeing the Agency
 - the preferred qualifications for Directors, with consideration given to skill sets and the need for broad representation
 - the need for and level of City representation on the Agency's Board
 - mechanisms for ensuring appropriate accountability to Council
 - the Agency's staffing needs

¹¹ This conclusion is based largely on consultations with existing agencies.

¹² The creation of different classes of shares represents one mechanism that could be used to allow for buy-in by others.