

# District of Sooke

# Economic Analysis



*Prepared by Urbanics Consultants Ltd.  
Suite 1207- 409 Granville St Vancouver, BC, V6C 1T2*

·VRBANICS·

# **District of Sooke ECONOMIC Analysis**

District of Sooke, British Columbia

Prepared for:  
District of Sooke

December 2019

*We acknowledge that the District of Sooke is located on the unceded traditional territory of the T'Sou-ke Nation.*

Prepared by:  
Urbanics Consultants Ltd.  
Suite 1207 – 409 Granville Street,  
Vancouver BC, V6C 1T2

## Executive Summary

Urbanics Consultants Ltd. was commissioned by the District of Sooke to carry out an economic analysis, that will provide a solid background on economic development trends, especially as it relates to housing policy.

With regards to demographic and macroeconomic trends, the Consultant has the following findings:

- Provincial economy in BC remains strong and will likely continue outperforming the Canadian average.
- Southern tip of Vancouver Island remains an attractive place to live and work due to affordability and quality of life considerations.
- Population growth rates in neighboring markets (30-40 minutes drive) of Langford, Colwood and Saanich is some of the highest in Canada.
- Low education levels hold back the viability of attracting high pay high value add companies.
- Most workers (71%) commute out of town for employment opportunities.
- Median incomes are comparable to BC and CRD.

With regards to the employment lands inventory and commercial market dynamics, the Consultant has the following findings:

- Plentiful pre-zoned employment lands exist in Sooke.
- Significant public land reserves also exist.
- Significant portion of industrial and commercial lands are underdeveloped, and underutilized.
- Commercial rents are quite high for such a small community with small population and commercial services base.
- Vacancies are low.
- Property taxes are competitive.
- Regulatory environment is conducive to business development.
- DCC rates are higher than and uncompetitive with neighboring jurisdictions.

With regards to forecast of employment lands (both industrial and commercial retail/office) required by 2036, the Consultant has the following findings:

- Low scenario projects approximately 8 hectares of new employment lands required by 2036.
- Median scenario projects approximately 13 hectares of new employment lands required by 2036.
- High scenario projects approximately 23.5 hectares of new employment lands required by 2036.

In conclusion, the Consultant finds that:

- The demand for industrial land use out to 2036 ranges between as little as 4 hectares (low industrial employment capture, and high industrial job density) to as much as 13.4 hectares (representing high employment capture and low industrial job density). The median estimate is approximately 7 hectares.
- The demand for commercial land use out to 2036 ranges between as little as 4 hectares (low commercial employment capture, and high commercial job density) to as much as 10.1 hectares (representing high commercial employment capture and low commercial job density). The median estimate is approximately 6 hectares.
- There is 32 hectares of M2 zoned land that is under utilized. In total there is approximately 41 hectares of under-utilized industrial land with 12.39 hectares of vacant industrial land.
- There is 8.8 hectares of C2 zoned land that is under utilized, as well as 8.67 hectares of C4 “Commercial Recreation” underutilized. In total there is approximately 22 hectares of under-utilized commercial land as well as 7.2 hectares of vacant commercial land.
- There is no projected shortage of industrial or commercial land as the industrial and commercial land inventory indicates that there is more vacant employment land than total warranted demand by 2036 under a “median scenario” projection. In addition, there are significant employment land parcels that are host to limited levels of activity and are considered “under-utilized”. These parcels can be subject to intensification in the coming years as market conditions warrant it. That said, the Consultant estimates that the supply of vacant employment lands will be completely exhausted by 2036.
- Growth industries will be healthcare, warehousing and wholesale trade, filming, tourism and recreation.
- Short-term rentals comprise approximately 3-5% of rental housing stock, or 1-2% of total housing stock. It is most likely that they contribute in a small way to increasing rents and prices.

Recommendations as to the next steps to be pursued by the District of Sooke can be found on the last few pages in chapter 7. An appendix relating to the development analysis on Lot A is also included at the end of this report.

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## 1. Introduction

Urbanics Consultants Ltd. has been retained by the District of Sooke to carry out an economic analysis, with special consideration made on the viability and impacts of short-term rental accommodations on the broader economic vitality of the Sooke District and the prospects for job creation and affordable housing provision.

The District of Sooke has witnessed high growth in population over the last decade. This growth has been accompanied by a variety of housing issues in the community, which we have recently addressed in our housing report from October 2019. Economic development has generally lagged population growth as Sooke's new residents are primarily drawn from an older demographic with limited consumer expenditure potential and lower labour force participation.

### 1.1. Objectives

The main objectives of the study are to:

- Review existing studies and research related to economic policies pursued by the District of Sooke;
- Analyze population, socio-economic, and employment trends to develop a comprehensive demographic and socio-economic profile of the community;
- Compare and Contrast the employment and industry profiles of Sooke with neighboring regions, and the Province of BC;
- Develop an inventory of employment lands in the District and identify its market characteristics;
- Produce forecast for future employment trends and identify key growth sectors;
- Provide recommendations to help encourage the development of high pay industries that can provide the means for which residents can afford to live and work in the District.

The final recommendations will provide targets on the need for additional employment lands by type and tenure over the next 20 years.

### 1.2. Structure

In terms of report structure, the following serves as a brief description:

#### 1.2.1. Introduction

The introduction provides the overall objectives of the study, the approach, and the report structure and the limitations of the study.

#### 1.2.2. Economic Base Analysis

This chapter will provide information about demographic, socioeconomic, and geostrategic factors that impact the employment and industry profile of the District of Sooke. An examination of

historical employment and income growth trends associated with the District will also be conducted. The Consultant will identify key growth industries and make general observations related to the type of commercial/ industrial space that might be required over the next 20 years.

### **1.2.3. Employment land inventory**

This chapter will focus on identifying baseline business, employment and industrial activity and provide commentary as to the supply of employment lands available in the District. Market characteristics such as rents, taxes, land costs, vacancy will be compared with neighboring jurisdictions. The Consultant will summarize opportunities and challenges for growth. Strategies for intensification of uses on employment lands near public transit facilities will be explored, and changes to make the District more business friendly will be identified.

### **1.2.4. Employment and Industry Profile**

This chapter will identify biggest employers, employment trends, as well as provide a major employment sector comparison. Special consideration will be made to NAICS<sup>1</sup> employment category composition and industry profile in the District as it relates to neighboring markets. The Consultant will also use the constant-share method and the shift-share method. These methods rely on provincial and or regional level employment projections to estimate future employment growth in a municipality or sub-region. Reconciliation of these methods will provide the most likely employment growth projection for the District. Based on the above employment growth projection, the Consultant will identify key growth industries and make general observations related to the type of commercial/ industrial space that might be required over the next 20 years.

### **1.2.5. Stakeholder Phone Interviews**

This chapter will summarize inputs received by a variety of stakeholder interviews.

### **1.2.6. SWOT Analysis**

Based on preliminary research and the stakeholder engagement methods the Consultant will identify the strengths, weaknesses, opportunities, and threats related to the economic environment of the District of Sooke.

### **1.2.7. Findings and Recommendations**

The Consultant will provide an assessment of the projected employment land use and retail lands demand in relation to the current employment land supply. The projections will be used to examine the adequacy of the current capacity of the employment lands to accommodate the future demands. The Consultant will also examine specialty types of employment use which may be well-positioned for growth and examine the policy framework impacting them.

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<sup>1</sup> The North American Industry Classification System (NAICS) is used by the United States, Canada, and Mexico to classify businesses by industry. Each business is classified into a six-digit NAICS code number based on the majority of activity at the business.

The Consultant will examine results of the above assessment against existing District policies, and make recommendations with regards to appropriate strategies, land use regulations, and public policy approaches to managing and enhancing the supply of employment lands in the District.

### 1.3. Limitations

Background data for this study was obtained from a variety of public (federal, provincial, regional, and municipal) and private sector sources as well as from field work conducted by the Consultant during the period June to November 2019.

Similar to other studies of this nature, a number of forecasts and assumptions regarding the state of the economy, the state of future competitive influences, and population projections have had to be made. These assumptions are made with great care and are based on the most recent and reliable information available. Should any assumptions noted in this study be undermined by the course of future events, we recommend that the study's findings be re-examined.

While specific assumptions may be noted throughout the report, the following general assumptions also apply:

- Real GDP growth and other national and local economic indicators for the area will not significantly differ from the projections indicated in the study over the course of the study period.
- No unforeseen economic or political events will occur within the study period on a national, provincial, or local level, which would significantly alter the outcomes of the study's analyses. Short-term fluctuations are likely to occur, but long-term gradual growth rates should prevail.
- Actual population growth rates will be relatively consistent with the historical growth rates in the region.
- The demand and market analyses are based on estimates, assumptions and other information developed from the Consultants experience, research of the various markets and background knowledge.
- Due to the small population base and commercial facilities in Sooke, there is a thin market to analyze as it relates to statistical information relating to vacancies, commercial rents and business permits.

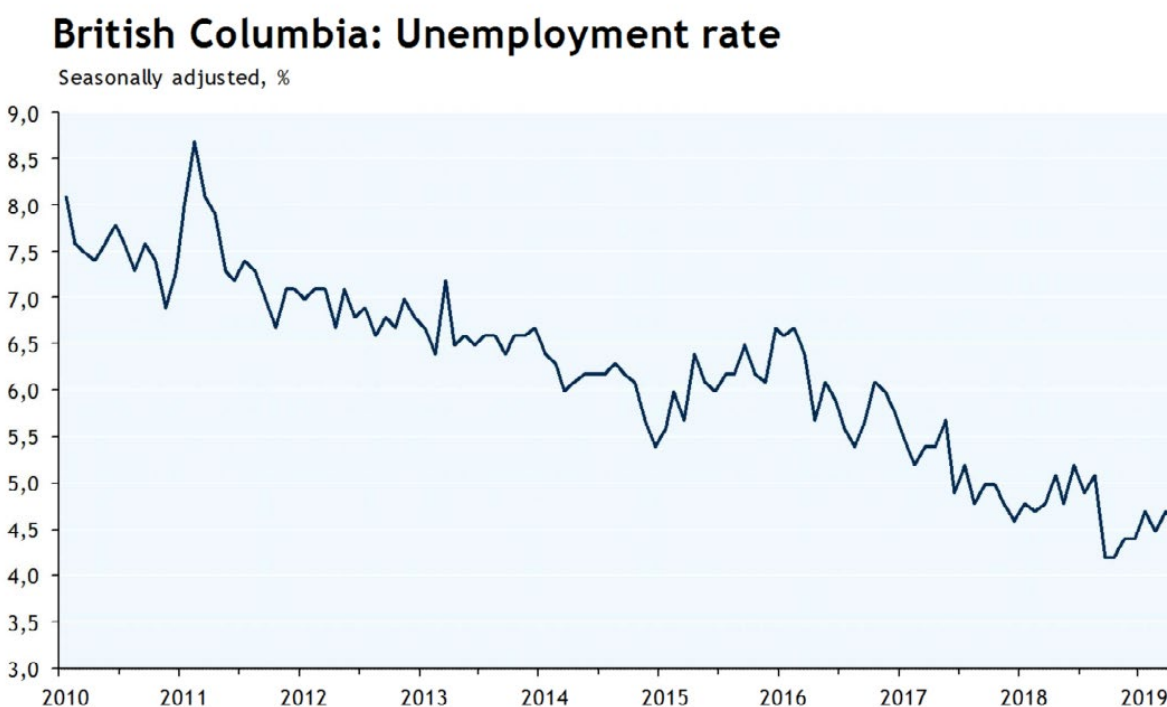
## 2. Economic Base Analysis

The economic base analysis focuses on the strength and characteristics of the provincial economy as it relates to the local context. Geographic advantages of the District will be weighed against disadvantages in the context of attracting businesses and increasing investment and jobs. A review of the demographic conditions in the District will also be included.

### 2.1. Provincial Economy<sup>2</sup>

After leading all provinces in growth in 2016 and 2017, the BC economy slowed its pace over the past year to a still-robust rate of 2.3% (third-fastest rate among the provinces). The policy-induced housing correction contributed strongly to this slowing, which had ripple effects across several housing-sensitive industries, particularly in the services and manufacturing sectors. The labour market continued to be very strong. Job creation was healthy, and the unemployment rate stood as the lowest among the provinces at 4.7%. In the context of Canada and BC, this means that the economy is at “full employment” and upward wage pressure should be evident.

Figure 1: British Columbia Unemployment Rate (%)



Source: Statistics Canada, RBC Economic Research Provincial Forecast June 2019.

Declining sales of building materials, furniture, and motor vehicles are clear signs that the housing downturn is weighing on BC consumers who have become more cautious. This is in stark contrast to their exuberant confidence in the recent past when rapidly rising housing wealth fueled a four-

<sup>2</sup> BRITISH COLUMBIA – As housing slumps, business investment takes over, RBC Provincial Outlook, June 2019

year long retail sales boom in the province. Retail sales growth has declined from 9.3% in 2017 to only 2% in 2018.

Table 1: BC Economic Indicators and Forecast

## British Columbia forecast at a glance

% change unless otherwise specified

	2016	2017	2018F	2019F	2020F
Real GDP	3.2	3.8	2.3	2.4	2.5
Nominal GDP	6.0	6.9	4.6	4.5	4.7
Employment	3.2	3.7	1.1	2.5	0.7
Unemployment Rate (%)	6.0	5.1	4.7	4.9	5.0
Retail Sales	7.7	9.3	2.0	3.0	3.5
Housing Starts (Thousands of Units)	41.8	43.7	40.9	39.8	35.0
Consumer Price Index	1.9	2.1	2.7	2.2	1.8

Source: Statistics Canada, RBC Economic Research Provincial Forecast June 2019.

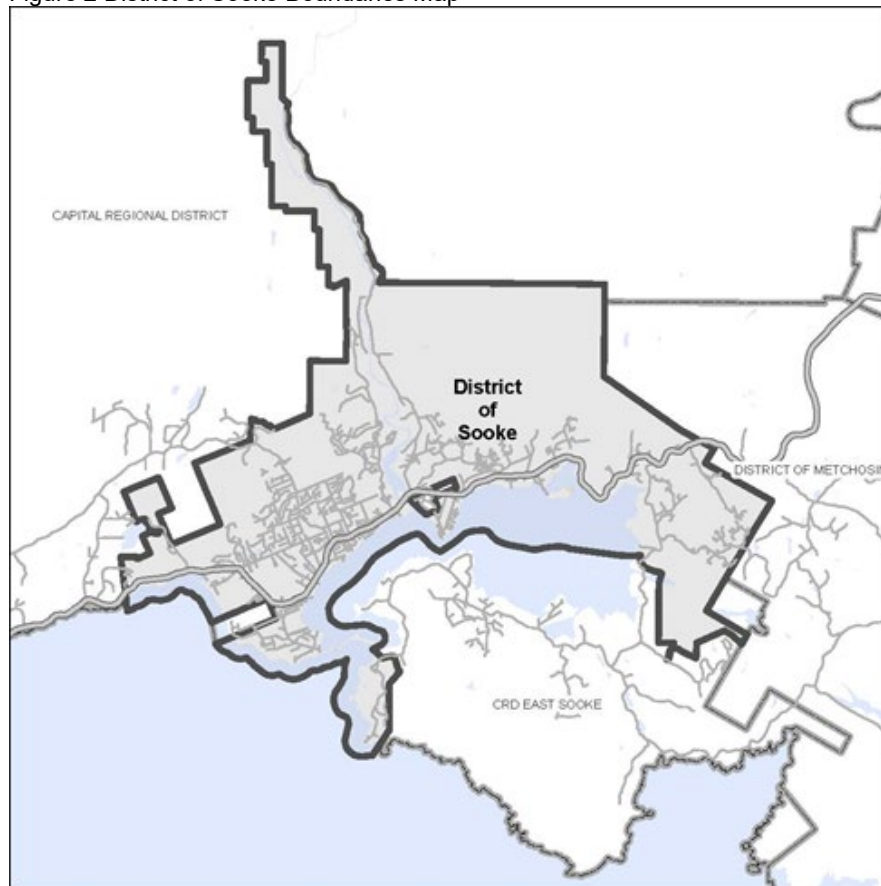
Despite a soft housing market and more cautious consumers, BC's economy remains strong. A surge in spending on major capital projects will likely pick up the slack. Businesses plan to boost their capital expenditures by nearly \$4 billion (up 13%) this year—the biggest increase ever in dollar terms. The ramping-up of construction of the \$40-billion LNG Canada megaproject in Kitimat will generate a groundswell of activity in the province. Commercial real estate is also on an upswing—driving non-residential investment 21% above 2018 levels in the first quarter of 2019. Activity in the non-residential construction will keep overall economic growth near the 2.5% mark in 2019 and 2020—strong enough to uphold BC's top-tier provincial growth ranking.

## 2.2. Location

The District of Sooke is located in British Columbia, Canada, on the southern tip of Vancouver Island. Sooke rests along the coast, overlooking Salish Sea and Sooke Basin, and flanks the banks of the Sooke River. Sooke overlooks the Juan de Fuca Strait and Olympic Mountain range and encompasses approximately 5800 hectares of land. The District of Sooke is located within the Capital Regional District (CRD), approximately 45 kilometres from Greater Victoria along scenic Highway 14, also known as the Pacific Marine Circle Route, and is 20 kilometres west of the City of Langford.

The District has an excellent reputation as a place with a high-quality of life, and its proximity to a scenic coast and riverfront ensures small-town charm. Sooke is a popular tourist destination for outdoor enthusiasts and others that appreciate spectacular natural beauty.

Figure 2 District of Sooke Boundaries Map



Source: District of Sooke

Forestry and commercial fishing markets were historically the backbone of the local economy, but both markets have lost prominence in the region in the past several decades. In recent times, most of the major economic sectors of the local economy have remained relatively stable as a percentage of the total labour force. Public services, manufacturing and innovation, and trade services dominate the local economy as measured by share of labour force employed.

Table 2: Employment by major sectors, 2006 – 2016

Major Economic Sectors	Sooke			CRD			BC		
	2006	2011	2016	2006	2011	2016	2006	2011	2016
Tourism	545 (10%)	570 (10%)	550 (11%)	26,040 (14%)	24,935 (13%)	24,935 (13%)	290,330 (13%)	298,775 (13%)	332,210 (14%)
Business, finance and mgmt	310 (6%)	250 (4%)	210 (4%)	11,070 (6%)	10,860 (6%)	10,695 (5%)	138,040 (6%)	149,070 (6%)	153,120 (6%)
Public services	2,005 (38%)	2,360 (39%)	1,805 (37%)	70,075 (37%)	77,225 (40%)	78,760 (40%)	584,795 (27%)	672,885 (29%)	691,215 (28%)
Manufacturing and innovation	1,300 (24%)	1,400 (23%)	1,215 (25%)	39,540 (21%)	39,195 (20%)	41,040 (21%)	614,155 (28%)	596,335 (26%)	645,340 (27%)
Trade services	985 (18%)	1,190 (20%)	980 (20%)	33,285 (18%)	34,315 (18%)	35,090 (18%)	455,890 (21%)	475,500 (21%)	493,640 (20%)
Other services	180 (3%)	220 (4%)	185 (4%)	8,945 (5%)	8,210 (4%)	8,695 (4%)	109,895 (5%)	112,745 (5%)	112,335 (5%)
	5,325	5,990	4,945	188,955	194,740	199,215	2,928,630	2,305,310	2,427,860

Statistics Canada – Census 2006, National Household Survey 2011 and Census 2016

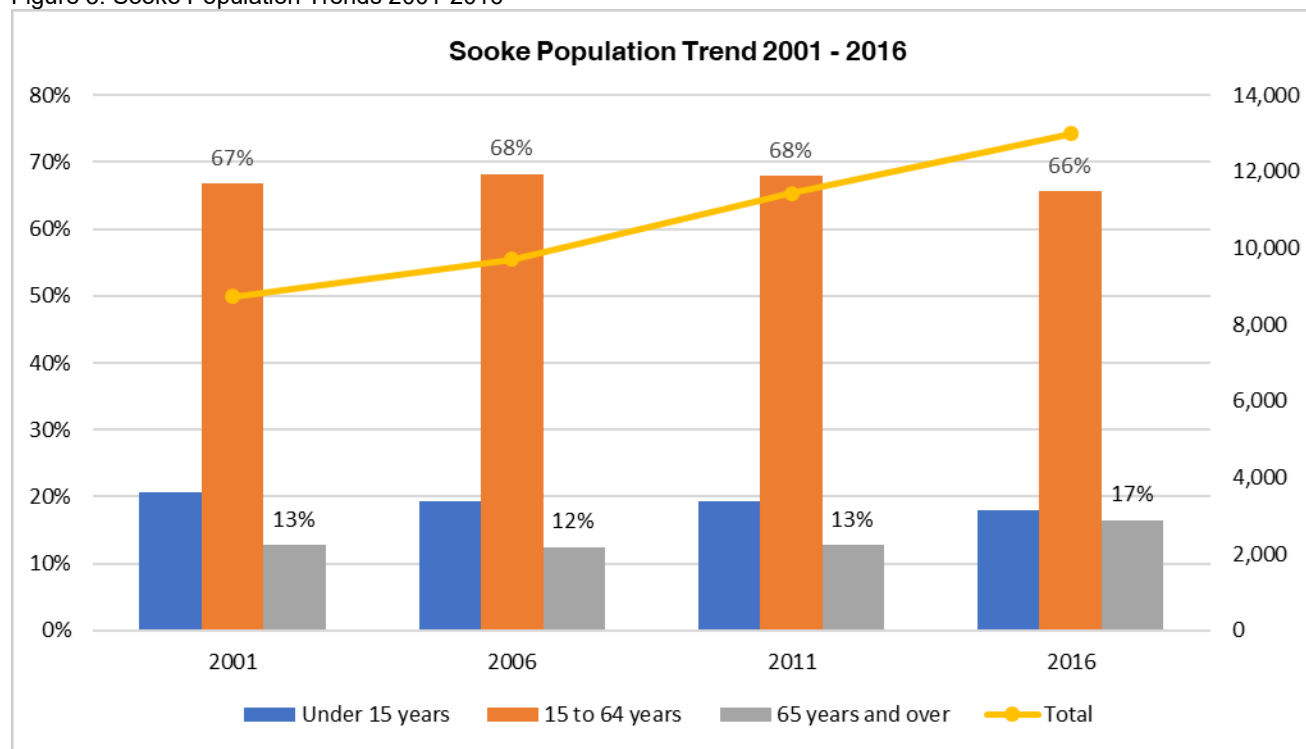
As per the 2016 Census, the public services sector (37 percent of the total labour force) accounts for the highest share of Sooke's labour force, with the second largest sector being manufacturing and innovation (25 percent). Interestingly, the share of the Sooke workforce employed in tourism in 2016 (11%) is lower than for CRD (13%) and BC (14%).

### 2.3. Demographics

Similar to the demographic trends across the country, British Columbia's demographic trends point toward slight declines in birth rates, slight increases in life expectancy, growing net interprovincial migration, and increasing net international migration. These trends, along with the aging of BC's population have resulted in a steady population growth in the province from 3.9 million in 2001 to 4.65 million by 2016, which translates into an annual growth rate of roughly 1.16% during 2001 - 2016 (Census 2001 and Census 2016).

In comparison to the regional, provincial, and national population growth trends, the population in Sooke significantly increased from 2001 to 2016. The increase in the Capital Regional District's population went from 325,755 to 383,360 at an annual rate of 1.2% (Census 2001 and Census 2016). The population in the District of Sooke increased from 8,165 in 2001 to 13,000 in 2016, at a much higher rate of 3.2% as compared to the 1.2% for the Region and 1.16% for the Province.

Figure 3: Sooke Population Trends 2001-2016



Source: Urbanics Consultants Ltd. and Census 2001 – 2016

It is during this period the District has displayed a decrease of the working age population (15-64 age group) as a share of the total population from 68 percent to 66 percent. The age groups under

15 years old have decreased and the population 65 and over increased from 13 percent to 17 percent of the total population.

Table 3: Sooke Population Composition by Age Cohort

Population	2001	2006	2011	2016
Under 15 years	1,795 (21%)	1,870 (19%)	2,215 (19%)	2,327 (18%)
15 to 64 years	5,830 (67%)	6,620 (68%)	7,770 (68%)	8,528 (66%)
65 years and over	1,110 (13%)	1,210 (12%)	1,455 (13%)	2,145 (17%)
Total	8,735	9,700	11,440	13,000
Population growth rate				
Period (5 years)		11%	18%	13.6%
Annual		2.2%	3.6%	2.7%

Source: Urbanics Consultants Ltd. and Census 2001 – 2016

Based on the above-mentioned historical population growth trends, the community is likely to witness a continued decline in the share of its working age population, while the population under 15 years old also continues to shrink. The aging of the working age population and the declining under-15 population during the next few decades will likely result in the continued increase of the population over 65 years old.

Further, the declining share of its younger population suggests that fewer younger families are moving to the District. These demographic trends are generally not positive for a jurisdiction wishing to increase business investment and attract new employers. An older population profile and a dearth of children and young families also portends declines in retail sales, harming the viability of small and medium sized community-oriented businesses like restaurants, apparel stores, and grocers. Successful implementation of a growth-oriented economic development strategy may yield new employers relocating to Sooke, which bring with them new employees and their families. This can help stem the greying population scenario.

The table below demonstrates two main commuting patterns for residents of Sooke, the CRD and British Columbia. Due in part to the limited number of employers in Sooke, only 25 percent of Sooke workers work within the community (defined as Census Subdivision of Residence). This is significantly lower than the CRD (37 percent), and even lower than British Columbia (49 percent). Employed residents that commute out of the community is 71 percent, which makes Sooke primarily a bedroom and lifestyle community of the Greater Victoria area. However, many people interviewed or surveyed indicated there are residents who want to work locally but find little to no opportunity to do so.

Table 4: Commuting Status of Sooke Residents

Commuting Status	Sooke	CRD	BC
Commute within census subdivision (CSD) of residence	25%	37%	49%
Commute to a different census subdivision (CSD) within census division (CD) of residence	71%	60%	46%
Commute to a different census subdivision (CSD) and census division (CD) within province or territory of residence	2%	2%	5%
Commute to a different province or territory	2%	1%	1%

Source: Urbanics Consultants Ltd. and Census 2016

Table below compares the total annual household income of the District of Sooke, Capital Regional District, and British Columbia based on the 2016 Census. The total household income is the sum of the total incomes of all members of that household before income taxes and deductions. It includes income from:

- employment income from wages, salaries, tips, commissions and net income from self-employment;
- income from government sources, such as social assistance, child benefits, employment insurance, old age security pension, pension plan benefits and disability income;
- income from employer and personal pension sources, such as private pensions and payments from annuities and RRIFs;
- income from investment sources, such as dividends and interest on bonds, accounts, GICs and mutual funds; and,
- other regular cash income, such as child support payments received, spousal support payments (alimony) received and scholarships.

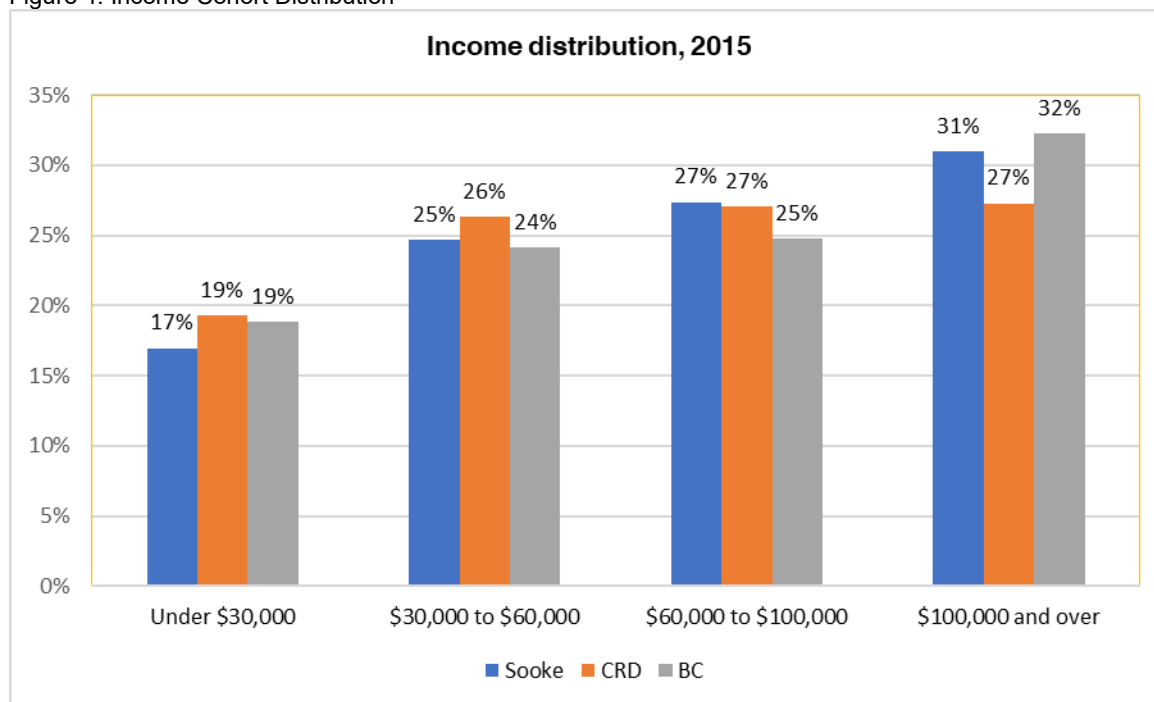
Table 5: Household Income Comparisons

Household income (2015)	Sooke		CRD		BC	
	#	%	#	%	#	%
Under \$5,000	75	1%	3455	2%	43,415	2%
\$5,000 to \$9,999	70	1%	2210	1%	27,140	1%
\$10,000 to \$14,999	130	2%	5135	3%	55,745	3%
\$15,000 to \$19,999	190	4%	6730	4%	77,565	4%
\$20,000 to \$29,999	425	8%	13400	8%	151,065	8%
\$30,000 to \$39,999	460	9%	14200	9%	156,475	8%
\$40,000 to \$49,999	440	8%	14430	9%	155,170	8%
\$50,000 to \$59,999	395	8%	13590	8%	143,475	8%
\$60,000 to \$79,999	735	14%	23705	15%	255,195	14%
\$80,000 to \$99,999	700	13%	19705	12%	210,770	11%
\$100,000 to \$124,999	665	13%	18110	11%	198,140	11%
\$125,000 to \$149,999	430	8%	12490	8%	138,420	7%
\$150,000 and over	530	10%	13120	8%	271,290	14%
	5,245	100%	160,280	100%	1,883,865	100%
Under \$30,000	890	17%	30,930	19%	354,930	19%
\$30,000 to \$59,999	1,295	25%	42,220	26%	455,120	24%
\$60,000 to \$99,999	1,435	27%	43,410	27%	465,965	25%
\$100,000 and over	1,625	31%	43,720	27%	607,850	32%

Source: Statistics Canada 2016 Census

Sooke contained a smaller proportion of households with an annual total income of less than \$30,000 in 2015 (Table 5) as compared to the CRD and British Columbia. Roughly 17 percent of total households in Sooke had an annual total income lower than \$30,000 as compared to 19 percent for the CRD and 19 percent for the Province. The community contained a lower share of households (25 percent) with annual total income in the range of \$30,000 to \$59,999 as compared to 26 percent for the CRD; the municipality has a higher percent than the Province (24%).

Figure 4: Income Cohort Distribution



Source: Statistics Canada 2016 Census

The table below provides the median income of economic families and households in the community as a share of the overall Provincial median income for each of the categories.

Table 6: Median Household Income Comparison

	Median income in 2015			Comparison to BC (%)	
	Sooke	CRD	BC	Sooke	CRD
<b>Economic families</b>					
Couple-only Family	\$ 77,605	\$ 86,885	\$ 80,788	96%	108%
Couple-with-children	\$ 107,520	\$ 117,510	\$ 111,736	96%	105%
Lone-parent Family	\$ 46,016	\$ 54,039	\$ 51,056	90%	106%
Family income in 2015	\$ 85,811	\$ 92,455	\$ 88,451	97%	105%
1 person households	\$ 32,469	\$ 37,429	\$ 35,701	91%	105%
2 or more person households	\$ 86,763	\$ 91,630	\$ 88,466	98%	104%
Household income in 2015	\$ 71,296	\$ 69,995	\$ 69,995	102%	100%

Source: Statistics Canada 2016 Census

The table above shows that the overall median family income in the District is 97% of the Provincial median family income. In addition, the community's median income is:

- 96% of the Provincial median income for couple-only families;
- 96% of the Provincial median income for couple-with-children families; and,
- 90% of the Provincial median income for lone-parent families.

The table also suggests that the overall median household income in the District is 102% of the Provincial median household income. The median income of economic families in the District is slightly higher than the CRD and significantly higher than the Province. Thus, a large proportion of households in the District are earning higher incomes than the CRD and the Province.

The education level of District of Sooke for postsecondary certificate, diploma, or degree is 55% of the District's population, significantly lower than the CRD (likely due to the concentration of provincial employees) and the same as British Columbia. Sooke and the CRD do not closely resemble each other in the educational levels attained in their populations. The education level reflects a significant proportion of the working age population that may not have the skills at this point to work in middle to high income jobs other than the manufacturing and trade services industries.

It is also possible that the lower rates of education levels can be partly attributed to Sooke not having enough jobs that match the skillset of people with higher levels of education. The District's proximity location to more populous cities (namely, Victoria, Langford and Saanich) could contribute to "brain-drain", which is the emigration of highly trained people to another economic sector for more appropriate career opportunities, better pay or overall living conditions.

Table 7: Highest certificate, diploma or degree for the population aged 25 to 64 years in private households

Education Level	Sooke	CRD	BC
No certificate, diploma or degree	12%	7%	16%
Secondary (high) school diploma or equivalency certificate	32%	25%	29%
Postsecondary certificate, diploma or degree	55%	68%	55%
Apprenticeship or trades certificate or diploma	12%	9%	9%
College, CEGEP or other non-university certificate or diploma	27%	22%	18%
University certificate or diploma below bachelor level	1%	3%	4%
University certificate, diploma or degree at bachelor level or above	15%	34%	25%

Source: Urbanics Consultants Ltd. and Census 2016

Sooke is a predominantly middle-income community with a smaller portion of people in poverty or with low incomes than the CRD or the province. A key problem for any high-paying new industries that wish to develop in Sooke is the shortage of high skill or highly educated workers.

### 2.3.1. Population Projections

According to BC Stats, the population of the Capital Regional District in 2018 was 413,406 and its projected population for 2031 is 469,806; this translates to an annual population growth rate of 0.9 percent. The population projections in this report used the Census 2016 population counts for the base year (2016) and the age cohort and gender-based population growth rates the Sooke School District for the period 2001 - 2031 (P.E.O.P.L.E 2018, BC Stats, August 2019) to project the population for the District of Sooke. These population projections are expected to incorporate

all the components of population growth in the region such as fertility and mortality as well as economic migration generated by economic growth and decline.

Given that the rapid rate of population growth in smaller communities eventually slows down as populations hit certain sizes, the following table provides a projection for Sooke's population profile by 2036. Shaded cells represent the Consultant's projections.

Table 8: Projected Population Growth

Population	2001	2006	2011	2016	2021	2026	2031	2036
Under 15 years	1,800	1,870	2,215	2,325	2,649	2,855	2,928	3,003
15 to 64 years	5,820	6,620	7,765	8,525	9,300	10,053	10,954	11,936
65 years and over	1,115	1,210	1,460	2,210	2,937	3,824	4,639	5,628
	8,735	9,700	11,440	13,060	14,886	16,732	18,521	20,566

Source: Urbanics Consultants Ltd., PEOPLE 2018, BC Stats, Census Canada

The working age share of the population declines from 65% to 58%, but in absolute numbers it should still be expected to increase by almost 3500 from 2016 to 2036. This is similar to the raw numerical growth of the senior demographic which is projected to grow by 3400.

## 2.4. Conclusions

The conclusions from this chapter are as follows:

- Provincial economy in BC remains strong and will likely continue outperforming the Canadian average
- Southern tip of Vancouver Island remains an attractive place to live and work due to affordability and quality of life considerations
- Population growth rates in neighboring markets (30-40 minutes drive) of Langford, Colwood and Saanich is some of the highest in Canada
- Low education levels hold back the viability of attracting high pay high value add companies
- Most workers (71%) commute out of town for employment opportunities.
- Median incomes are comparable to BC and CRD

### 3. Employment Land Inventory

The Employment land inventory will focus on the following:

- Review and assess previous studies, economic reports, District plans as well as any other relevant documents.
- Draft baseline measures for employment, business activity and employment lands capacity.
- Identify the following:
  - Current employment and employment lands (retail, office, industrial, city-owned) supply,
  - Employment capacity,
  - Methods to assign jobs to different land uses,
  - Market characteristics such as rents, land costs, vacancy etc,
- Summarize opportunities and challenges for growth.
- Review and compare with similar sized municipalities:
  - Property taxes (especially commercial and industrial),
  - Employment lands capacity and availability,
  - Employment land supply targets, including retail land supply targets,
  - Permit activity for all type of commercial and industrial uses,
  - Intensification of use in employment lands in close proximity to public transit facilities,
  - Distribution of retail use by type (large format, urban format etc.),
  - Land prices and rents,
  - Licensing and fees,
  - Identify changes to make the District more business friendly.

#### 3.1. Employment Land Supply

The zoning for employment lands in Sooke is quite comprehensive, with 5 zones for commercial and 5 for industrial as well as 3 for institutional.

### Commercial

- Neighbourhood Commercial (C1)
- General Commercial (C2)
- Service Commercial (C3)
- Recreational Commercial (C4)
- Town Centre Mixed Use (CTC)

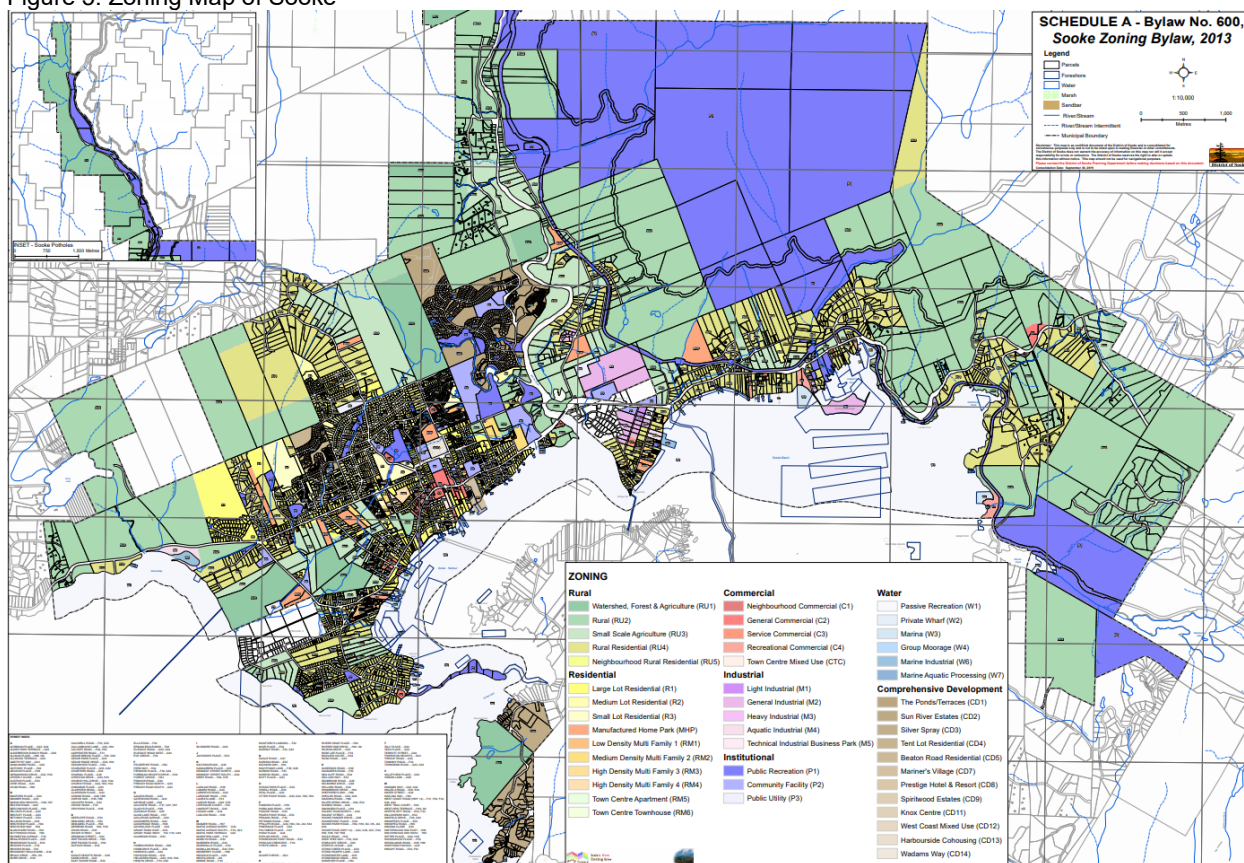
### Industrial

- Light Industrial (M1)
- General Industrial (M2)
- Heavy Industrial (M3)
- Aquatic Industrial (M4)
- Technical Industrial Business Park (M5)

### Institutional

- Public Recreation (P1)
- Community Facility (P2)
- Public Utility (P3)

Figure 5: Zoning Map of Sooke



Source: Urbanics Consultants Ltd. and District of Sooke

The purpose of this section would be to explore the total available commercial and industrial land. The employment land base in Sooke is catalogued in the table below. Under utilization is defined

as parcels wherein the building value is less than 50% of the total value (i.e. The land value is greater than improvements value of the lot).

Table 9: Employment Land Base Inventory

Zoning	Area (HA)	# of Parcels	Land Utilization (hectares)			Number of Parcels		
			Vacant	Under-Utilized	Adequately-Utilized	Vacant	Under-Utilized	Adequately-Utilized
CTC	3	12	2	1	0	6	5	1
C1	4	13	1	2	0	1	10	1
C2	20	94	4	9	7	9	51	22
C3	3	13	1	1	2	1	5	7
C4	10	47	0	9	0	1	36	6
M1	2	3	2	0	0	3	0	0
M2	46	21	10	32	3	6	9	4
M3	2	9	1	1	0	2	4	3
M4	8	4	0	8	0	0	4	0
M5	0	-	0	0	0	0	0	0
P1	1453	173	1	0	0	2	0	0
P2	53	32	1	1	2	1	1	7
P3	10	8	0	0	0	0	1	1

Source: Urbanics Consultants Ltd. and District of Sooke

### 3.1.1. Industrial land supply

The total industrial land supply that is currently zoned and available in the District of Sooke is 56.61 hectares or 140 acres. Over 80% of industrial zoned land is M2, which is “General Industrial” defined as per figure below.

Figure 6: M2 Industrial zoning definition

**Purpose:** This zone provides for general industrial use within the District of Sooke.

**Permitted Uses:**

**Principal Uses:\***

- a) All uses permitted in M1
- b) Auction sales
- c) Cannabis Production – Micro  
*[Added by Bylaw No. 741 (600-73)  
Adopted September 16, 2019]*
- d) Cannabis Production – Standard  
*[Added by Bylaw No. 741 (600-73) Adopted September 16, 2019]*
- e) Equipment sales, service, repair and rental
- f) Funeral home
- g) General industrial uses
- h) Gravel processing
- i) Heavy equipment sales, service, repair and rental
- j) Lumber and building supplies: retail and wholesale
- k) Ready mix concrete batch plant
- l) Unenclosed storage\*
- m) Vehicle sales/rentals, service and repair

**Accessory Uses:**

- n) Accessory dwelling unit, one per lot *[Added by Bylaw 630 (600-22) Adopted March 21, 2016]*
- o) Employee housing\*
- p) Office
- q) Retail

**Prohibited Uses:**

- r) Refuse and garbage dumps

*\*See conditions of use.*

**Minimum Lot Size for Subdivision Purposes:** \* See conditions of use.

- a) Within Sewer Specified Area: 1000 m<sup>2</sup>
- b) Outside of Sewer Specified Area: 1 ha

**Minimum Width for Subdivision Purposes:** 30 m

**Maximum Height:**

- a) Principal Buildings: 17 m
- b) Accessory Buildings: 9 m

Source: District of Sooke Bylaw No. 600, Sooke Zoning Bylaw, 2013

It should be noted that M2 zoning is quite an expansive and flexible zoning designation, which bodes well for the ability of the District to attract a range of manufacturing, warehousing and industrial industries.

Table 10: Industrial Land Supply

Zoning	Area(HA)	# of Parcels	Land Utilization (hectares)			Number of Parcels		
			Vacant	Under-Utilized	Adequately-Utilized	Vacant	Under-Utilized	Adequately-Utilized
M1	1.56	3.00	1.56	0.00	0.00	3.00	0.00	0.00
M2	45.97	21.00	10.28	32.12	3.05	6.00	9.00	4.00
M3	1.56	9.00	0.55	1.02	0.37	2.00	4.00	3.00
M4	7.52	4.00	0.00	7.52	0.00	0.00	4.00	0.00
M5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	56.61	37.00	12.39	40.66	3.42	11.00	17.00	7.00

Source: Urbanics Consultants Ltd. and District of Sooke

Given that 32 hectares of M2 zoned land is under utilized, it is fair to conclude there is significant capacity for additional industrial product as of now. In total there is approximately 41 hectares of under-utilized industrial land and 12 hectares of vacant industrial land.

### 3.1.2. Commercial land Supply

The total commercial land supply that is currently zoned and available in the District of Sooke is 40.22 hectares or 100 acres. Almost 50% of commercial zoned land is C2, which is “General Commercial” defined as per figure below.

Figure 7: C2 Zoning definition

**Purpose:** This zone provides for a wide range of commercial uses.

**Permitted Uses:\***

**Principal Uses:**

- |   |   |
|---|---|
| a) Amusement facility – indoor  | t) Household equipment sales, service & repair  |
| b) Artisan Industry <i>[Added by Bylaw 630 (600-22) Adopted March 21, 2016]</i> | u) Institutional use  |
| c) Assembly use   | v) Micro Brewery <i>[Added by Bylaw 630 (600-22) Adopted March 21, 2016]</i>          |
| d) Auction rooms, including storage in accessory buildings                      | w) Office   |
| e) Auto service facility*   | x) Pub  |
| f) Bakery   | y) Parking lot, parkade   |
| g) Brew pub   | z) Personal services  |
| h) Bus depot  | aa) Place of worship  |
| i) Cannabis Retail Store  | bb) Plant nursery   |
| j) Car wash   | cc) Private club  |
| k) Convenience store  | dd) Residential above the first floor   |
| l) Commercial exhibit   | ee) Restaurant  |
| m) Commercial school  | ff) Retail  |
| n) Country market   | gg) Shopping centre   |
| o) Financial institution  | hh) Theatre   |
| p) Funeral home   | ii) Vehicle sales/rentals <i>(amended by Bylaw No. 583 adopted February 11, 2014)</i> |
| q) Gas bar*   | jj) Veterinary clinic in an enclosed building   |
| r) Health services  |   |
| s) Hotel and/or motel   |   |

\* See conditions of use.

**Accessory Uses:**

- kk) Accessory dwelling unit, one per lot *[Added by Bylaw 630 (600-22) Adopted March 21, 2016]*  
 ll) Employee housing \*

**Minimum Lot Size for Subdivision Purposes:**

- a) Within Sewer Specified Area: 900 m<sup>2</sup>  
 b) Outside Sewer Specified Area: 1 ha

**Minimum Width for Subdivision Purposes: 15 m**

Source: District of Sooke Bylaw No. 600, Sooke Zoning Bylaw, 2013

Table 11: Commercial Land Supply

Zoning	Area(HA)	# of Parcels	Land Utilization (hectares)			Number of Parcels		
			Vacant	Under-Utilized	Adequately-Utilized	Vacant	Under-Utilized	Adequately-Utilized
CTC	3.47	12.00	2.08	1.29	0.10	6.00	5.00	1.00
C1	3.67	13.00	0.71	2.37	0.08	1.00	10.00	1.00
C2	19.78	94.00	3.51	8.82	6.53	9.00	51.00	22.00
C3	3.34	13.00	0.62	1.09	1.63	1.00	5.00	7.00
C4	9.95	47.00	0.25	8.67	0.04	1.00	36.00	6.00
Total	40.22	179.00	7.18	22.23	8.39	18.00	107.00	37.00

Source: Urbanics Consultants Ltd. and District of Sooke

It should be noted that C2 zoning is quite an expansive and flexible zoning designation, which bodes well for the ability of the District to attract a range of retailing, personal service and institutional/financial industries.

Given that 8.8 hectares of C2 zoned land is under utilized, as well as 8.67 hectares of C4 “Commercial Recreation” underutilized it fair to conclude there is significant vacant capacity for

additional commercial product as of now. In total there is approximately 22 hectares of under-utilized commercial land and 7 hectares of vacant commercial land.

### 3.1.3. Municipal land supply

The total municipal land in the District of Sooke is 1515 hectares or approximately 3740 acres. Almost 96% of that land is zoned P1, which is “Public Recreation” defined as per figure below.

Figure 8: P1 Zoning definition

**Purpose:** This zone provides for public recreation use within the District of Sooke.

**Permitted Uses:**

**Principal Uses:**

- a) Agriculture
- b) Amusement facility – outdoor
- c) Assembly use
- d) Campground \*
- e) Ecosystem preservation
- f) Institutional uses accessory to public parks
- g) Nature centre
- h) Playground
- i) Private club

**Accessory Uses:**

- j) Accessory dwelling unit, one per lot \*
- k) Concession
- l) Country market
- m) Office in nature centre
- n) Parking lot
- o) Temporary accommodation

*\*See conditions of use.*

*For the convenience of the reader, please be advised that parks are permitted in all zones within the District of Sooke including this zone.*

**Minimum Lot Size for Subdivision Purposes:**

- a) Within Sewer Specified Area: 600 m<sup>2</sup>
- b) Outside of Sewer Specified Area: 1 ha

**Minimum Width for Subdivision Purposes: 30 m**

**Maximum Height:**

- a) Principal Buildings: 2 storeys up to 13 metres high
- b) Accessory Buildings: 8 m

**Maximum Lot Coverage:**

- a) Within Sewer Specified Area: 50%
- b) Outside of Sewer Specified Area: 10%

Source: District of Sooke Bylaw No. 600, Sooke Zoning Bylaw, 2013

Table 12: Public Land Inventory

Zoning	Area(HA)	# of Parcels
P1	1452.58	173.00
P2	53.13	32.00
P3	9.68	8.00
Total	1515.39	213.00

Source: Urbanics Consultants Ltd. and District of Sooke

It should be noted that P1 zoning is quite an expansive recreation-oriented designation, which bodes well for the ability of the District to attract a potential major traffic generating recreation facility. In addition, there is a lot of public land which could potentially be subdivided and sold off for redevelopment into commercial, industrial, and even residential uses in the future, if demand warrants it and the District receives elector approval. Local governments may dispose of properties for a number of reasons so long as the disposition is within the regulatory requirements of the *Local Government Act* and *Community Charter*.

## 3.2. Market characteristics

### 3.2.1. Rents

Due to the limited scale of the Sooke commercial market, it has been difficult to assess commercial rents for office or retail. Given the cursory review of existing retail listings, the Consultant has identified only 1 retail storefront available, with asking rents of \$18 per square foot, and triple net gross rent of \$29 per square foot. This is quite high for a semi rural and small market but is in keeping with the escalating rents in Sooke for all other land uses and the low vacancies that prevail currently. For comparison purposes, retail units in a high visibility intersection (McCallum and Millstream) in Langford are listed for \$35 per square foot, while prime Victoria retail lease rates are approaching \$45 per square foot.

### 3.2.2. Vacancies

Industrial Vacancies are at a historic low in Sooke and a new industrial park in Otter Point is opening up to take advantage of any new industrial business formation. Despite its proximity to the District of Sooke, the Sooke Business Park lies just outside of the boundaries on the north west edge, and inside the boundaries of the Juan de Fuca Planning Area of the CRD. It is offering serviced quarter acre lots from as low as \$179,900. The park has over 50 acres of land. This project is a result of a partnership between Three Point Properties and Ian Laing Properties. The development site is minutes from the Westshore and approximately 45 minutes from downtown Victoria. The Otter Point area of Vancouver Island is experiencing rapid growth with a sizeable number of residential developments now being proposed for the area. There are already a few companies operating from the Sooke Business Park – such as West Coast Super Storage, All Grit Sand Blasting, Brytar Contracting and Timber Jim Milling.

Given the extent of this site, it is likely to draw most of the new industrial or business facilities making it a competitor to the development of industrial land in the District of Sooke.

### 3.2.3. Taxes

A comparison of property tax mill rates is provided in table below.

Table 13: 2019 Property Tax Mill Rates

2019 Property Tax Mill Rates					
		Sooke	Colwood	Langford	Saanich
Major Industry		N/A	N/A	15.2935	12.9526
Light Industry		26.87517	39.4986	14.5949	12.5778
Business/Commercial		14.99419	19.2927	13.658	18.3602

Source: Urbanics Consultants Ltd., property mill rates Sooke, Colwood, Langford, Saanich

Sooke does not have a major industrial tax classification, however, the light industry class experiences mill rates of 26.9, which is approximately midway of Saanich's 12.6 and Colwood's 39.5. There may exist some opportunity to lower light industry mill rates in an effort to be competitive with Langford or Saanich. For Business/Commercial mill rates, Sooke is positioned in quite a competitive manner, at the second lowest with 15 vs. Langford's 13.7. In general, the Consultant does not recommend any changes to the business/commercial mill rate, but a gradual, measured lowering of the light industry mill rate may prove wise in terms of improving the attractiveness of Sooke, and enticing more industrial oriented firms to relocate to the District.

### 3.2.4. Licensing and fees, DCCs

The District of Sooke has streamlined its business licensing regime.

The District of Sooke became a participant in the Intermunicipal Business Licence Agreement in 2001. This agreement permits a holder of an Intermunicipal Business Licence to carry on the business authorized by the licence within the boundaries of any of the Participating Municipalities. The District of Sooke has issued 348 Intermunicipal Business Licences.<sup>3</sup>

A business that is not located within the District of Sooke, usually a business based on the mainland, is able to conduct business in the District when the purchase a Non-Resident Business Licence. This licence is only valid in the municipality in which it was purchased. Currently, there are 26 Non-Resident Business Licences. In 2018, the District of Sooke was one of the early municipalities that adopted the InterCommunity Business Licence Bylaw, which further reduced

<sup>3</sup> Bylaw Services - May 13, 2019 - RPT -2019-0033 File No. 4320, <https://sooke.civicweb.net/document/30277>

red tape and permitted mobile businesses to ply their trade annually in other participating Vancouver Island communities for a reasonable fee of \$170.00. The District of Sooke has issued four of these Licences to date. This licence option has received positive feedback. All businesses operating within the District of Sooke are required to hold a valid Business Licence. Those businesses with addresses outside of the District boundaries are required to hold either an Intermunicipal, Inter-Community or a Non-Resident Business Licence, as appropriate.

A comparison of Development Cost Charges (DCC) per square meter of developed gross floor area for Commercial and Industrial land uses between Sooke, Colwood, Langford and Saanich is included below.

Table 14: Comparison of Commercial Property DCC rates

Comparison of Commercial Property DCC rates					
		Sooke	Colwood	Langford	Saanich
Wastewater		\$20.79	\$ 12.37	\$ 5.20	\$17.86
Roads		\$48.70	\$ 7.48	\$ 55.78	\$55.09
Total		\$69.49	\$ 19.85	\$ 60.98	\$72.95

Source: Urbanics Consultants Ltd., <https://sooke.civicweb.net/document/4006>,

<https://colwood.civicweb.net/document/194>,

<https://www.langford.ca/assets/Bylaws/Land~Use/DCC%20Bylaw%20No.%201700.pdf>,

<https://www.saanich.ca/assets/Local~Government/Documents/Engineering/dcc-handout-info-session-201807.pdf>

Table 15: Comparison of Industrial Property DCC rates

Comparison of Industrial Property DCC rates					
		Sooke*	Colwood	Langford**	Saanich
Wastewater		\$20.79	\$ 6.19	\$ 11.55	\$ 8.42
Roads		\$48.70	\$ 7.48	\$ 7.97	\$ 16.30
Total		\$ 69.49	\$ 13.67	\$ 19.52	\$ 24.72

\* Sooke has same fees for Commercial and Industrial

\*\* Langford has water DCC's for industrial based on Hectares not sq m, converted on a 0.25 FSR assumption

Source: Urbanics Consultants Ltd., <https://sooke.civicweb.net/document/4006>,

<https://colwood.civicweb.net/document/194>,

<https://www.langford.ca/assets/Bylaws/Land~Use/DCC%20Bylaw%20No.%201700.pdf>,

<https://www.saanich.ca/assets/Local~Government/Documents/Engineering/dcc-handout-info-session-201807.pdf>

Sooke's DCC fees are some of the highest, especially for Industrial. Sooke is uncompetitive with neighboring districts and municipal governments. Some of this is due to Sooke's high cost structure for infrastructure servicing due to its more rural and sprawled out nature as well as the excess costs due to maintaining its own wastewater treatment facility.

The Consultant is aware of the District's current work on an update on the DCC bylaw policies and would advise the District leadership to:

- In the long term take steps to tighten up development boundaries and lower the DCC fees in order to attract more commercial development.
- Encourage densification and intensification of land uses as well as more mixed-use developments in the Town Centre and surrounding neighbourhoods.
- Review the lessons and agreements that led to the formation of the Langford and Metchosin 300 acre Business Park.

### 3.3. Conclusions

The conclusion from the Employment Lands Inventory analysis is as follows:

- Plentiful pre-zoned employment lands exist in Sooke
- Large public land reserves also exist
- A significant portion of industrial and commercial lands are underdeveloped, and underutilized
- Rents are quite high for a small community with a small population and commercial services base
- Vacancies are low
- Property taxes are competitive
- The regulatory environment is conducive to business development
- DCC rates are high and uncompetitive with neighboring jurisdictions for a variety of reasons.

## 4. Employment and Industry Profile

This chapter will

- Determine and present an index of Sooke's largest employers, and their share of total employment.
- Present a breakdown of employment by NAICS code.
- Study Sooke's employment base to determine which industries are present.
- Project the future employment numbers for the District as well as attendant warranted commercial and industrial land needs.

### 4.1. Biggest employers

The top employers within Sooke are listed below according to the local Chamber of Commerce and Worklink BC in no particular order:

- Ayre Manor
- Village Foods
- Western Foods
- The Prestige
- Coast Capital/Western Financial Group
- Hub Insurance
- Shoppers Drug Mart
- District of Sooke

Small businesses are generally referred to as less than 100 employees; all the businesses in the District of Sooke fall into this category. About 79 percent of businesses have less than 10 employees. Healthcare will be an increasingly in-demand industry sector for jobs across the Capital Regional District, due to the aging population.

### 4.2. NAICS Comparisons

The North American Industry Classification System (NAICS) is used by the United States, Canada, and Mexico to classify businesses by industry. Each business is classified into a six-digit NAICS code number based on the majority of activity at the business. A NAICS comparison approach reveals the relative strength or weakness of a local markets different industries and can provide clues as to what growth sectors may exist, and what sectors may lag.

The findings of the NAICS comparison is as follows:

- Sooke has a greater percentage of its workforce (18.7%) employed in goods producing industries such as agriculture, mining, utilities, construction and manufacturing than the CRD (12%), but roughly similar levels to the province of BC (19%). This is primarily driven by relative advantage in manufacturing as well as rapid construction boom recently experienced.
- Retail trade comprises 13.3% of the workforce in Sooke compared to only 11.6% in CRD and 11.7% in BC. This is a soft indicator that the District may be home to either too much retailing facilities per capita, or that retail facilities are not achieving high productivity and

efficiency from employees. A secondary conclusion that can be drawn from this observation is that the disproportionately large segment of the labour force employed in retail sales is a factor in lowering median incomes since retail jobs have lower average wages than professional and industrial, skilled labour positions.

- Sooke has a significantly lower share of workforce employed in transportation and warehousing (3.6%) than the CRD (3.8%) and BC (5.3%), which is surprising given that its manufacturing, construction, agriculture and mining sector shares are significantly larger than the CRD. There may be opportunity for growth in this sector.
- Information and cultural services sector also employs a lesser share of workers in Sooke (1.8%) than in CRD (2.1%) or BC (2.8%).
- Finance, insurance, real estate, education, professional and technical services sectors are all underrepresented in the Sooke workforce compared to CRD and BC, which is understandable given the relatively lower average education levels in the District.
- The Sooke healthcare sector (13.2%) is slightly smaller than the CRD (13.5%), but larger than BC's (11.2%) which reflects the demographic realities of the differing population age pyramids. This is likely to be a growing sector in the future as well given the continued growth of the senior population, which is projected to double in 20 years.
- Arts, entertainment, recreation, accommodation and food services combined account for 9.3% of workforce in Sooke. This is compared to 12% in CRD, and 10.9% in BC. It is surprising that it is this low given the latent recreation and hospitality opportunities that exist and can be leveraged in Sooke. This is a potential growth sector as well.

Table 16: NAICS comparison

Labour force by industry, 2016	Sooke	CRD	BC	Sooke	CRD	BC
Total labour force	5,045	205,935	2,471,665			
Industry - not applicable	85	3,160	43,805			
All industries	4,955	202,820	2,427,865	100%	100%	100%
11 Agriculture; forestry; fishing and hunting	75	2,305	65,205	1.5%	1.1%	2.7%
21 Mining; quarrying; and oil and gas extraction	35	630	25,920	0.7%	0.3%	1.1%
22 Utilities	15	500	12,445	0.3%	0.2%	0.5%
23 Construction	575	13,935	199,985	11.6%	6.9%	8.2%
31-33 Manufacturing	225	7,055	157,560	4.5%	3.5%	6.5%
Goods producing industries	925	24,425	461,115	18.7%	12.0%	19.0%
41 Wholesale trade	140	3,790	82,105	2.8%	1.9%	3.4%
44-45 Retail trade	660	23,520	283,135	13.3%	11.6%	11.7%
48-49 Transportation and warehousing	180	7,780	128,400	3.6%	3.8%	5.3%
51 Information and cultural industries	90	4,215	67,225	1.8%	2.1%	2.8%
52 Finance and insurance	110	6,180	93,805	2.2%	3.0%	3.9%
53 Real estate and rental and leasing	100	4,305	54,995	2.0%	2.1%	2.3%
54 Professional; scientific and technical services	305	17,115	196,670	6.2%	8.4%	8.1%
55 Management of companies and enterprises	0	210	4,320	0.0%	0.1%	0.2%
56 Admin & support; waste mgmt & remediation	275	9,280	109,095	5.5%	4.6%	4.5%
61 Educational services	270	16,660	173,820	5.4%	8.2%	7.2%
62 Health care and social assistance	655	27,450	270,855	13.2%	13.5%	11.2%
71 Arts; entertainment and recreation	70	5,675	57,940	1.4%	2.8%	2.4%
72 Accommodation and food services	390	18,650	207,045	7.9%	9.2%	8.5%
81 Other services (except public administration)	185	8,695	112,335	3.7%	4.3%	4.6%
91 Public administration	590	24,870	125,000	11.9%	12.3%	5.1%
Services producing industries	4,020	178,395	1,966,745	81.1%	88.0%	81.0%

Source: Statistics Canada – Census 2016

### 4.3. Employment Trends

Commercial and sport fishing, forestry, tourism and service industries form a strong, diversified economic base for the area. Tourism in the region has shown a phenomenal growth in the last few years and is poised to grow with the formation of the Sooke to Port Renfrew Tourism Association. The ecological minded tourist is drawn to this region for its natural beauty and relaxing atmosphere.

The film industry is a budding economic sector for Vancouver Island and the Sooke area. Numerous movie and television productions have been shot in Sooke locations including:

- The Hallmark film The Last Bridesmaid
- The independent feature film Elsewhere
- Love, Again (2015 TV Movie)

#### Forestry

A "Log Mall" is being looked into in order to give "value added" work to the forestry sector. The potential exists in the area for value-added opportunities. Wood and wood by-products that are

produced in the area represent excellent opportunities for the production of cedar hot tubs, furniture, shakes, trim and toys.<sup>4</sup>

#### Tourism

Tourism has become a significant economic contributor in the southern Vancouver Island area. Potential for growth in Sooke is enormous as the weather and geography combine to make this area one of the most desirable locations in Canada. The increasing proliferation of short-term rental accommodations will drive increased tourism.

#### Events

The Canada Day Celebration and the Fall Fair delight locals and tourists, as do other events like the annual Remembrance Day Ceremony, and Christmas Parade.

#### Agriculture

Every Saturday May through September, the Country Market sells local produce. A lot of agricultural land had been taken out of the Agricultural Land Reserve for housing development, so the area does not produce as much food as before. However, this process has been slowed down and agricultural land exemptions have been significantly tightened up, especially with the election of the BCNDP government in 2017. Chicken farms were closed down a few years ago due to disease, but some are now re-opening. There is a honey farm and some small-scale organic farmers.<sup>5</sup>

### **4.4. Employment Projections**

Employment projections can be modeled by first assessing population growth and aging trends, which informs the size of the labour force composition. Given the following assumptions:

- Population growth dynamic from table 8, the growth in the 15-64 age cohort will be steady at about 750-1000 per census cycle, or 150 to 200 per year.
- The labour force is approximately 60% of the 15-64 age cohort, and approximately 98% of the labour force is employed
- A constant share of employment per sector from 2016 projected out to 2036

The following model can be constructed:

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<sup>4</sup> [https://www.sooke.org/community\\_overview/ecom.htm](https://www.sooke.org/community_overview/ecom.htm)

<sup>5</sup> [https://www.sooke.org/community\\_overview/ecom.htm](https://www.sooke.org/community_overview/ecom.htm)

Table 17: Constant Share Employment Projections

Constant Share Employment Projections					
	2016	2021	2026	2031	2036
15-64 age cohort	8525	9300	10053	10954	11936
Labour force	5,045	5,504	5,949	6,482	7,064
All industries	4,955	5,405	5,843	6,367	6,938
11 Agriculture; forestry; fishing and hunting	75.0	82	88	96	105
21 Mining; quarrying; and oil and gas extraction	35.0	38	41	45	49
22 Utilities	15.0	16	18	19	21
23 Construction	575.0	627	678	739	805
31-33 Manufacturing	225.0	245	265	289	315
Goods producing industries	925.0	1,009	1,091	1,189	1,295
41 Wholesale trade	140.0	153	165	180	196
44-45 Retail trade	660.0	720	778	848	924
48-49 Transportation and warehousing	180.0	196	212	231	252
51 Information and cultural industries	90.0	98	106	116	126
52 Finance and insurance	110.0	120	130	141	154
53 Real estate and rental and leasing	100.0	109	118	128	140
54 Professional; scientific and technical services	305.0	333	360	392	427
55 Management of companies and enterprises	-	-	-	-	-
56 Admin & support; waste mgmt & remediation	275.0	300	324	353	385
61 Educational services	270.0	295	318	347	378
62 Health care and social assistance	655.0	715	772	842	917
71 Arts; entertainment and recreation	70.0	76	83	90	98
72 Accommodation and food services	390.0	425	460	501	546
81 Other services (except public administration)	185.0	202	218	238	259
91 Public administration	590.0	644	696	758	826
Services producing industries	4,020.0	4,385	4,741	5,165	5,628

Source: Urbanics Consultants Ltd., Stats Canada

The conclusions, as it relates to net job growth per sector from this constant share employment projection are as follows:

Table 18: Constant Share Net Job Gains - 2036

Constant Share Net Job Gains	
Industry	Net gain in jobs
All industries	
11 Agriculture; forestry; fishing and hunting	30
21 Mining; quarrying; and oil and gas extraction	14
22 Utilities	6
23 Construction	230
31-33 Manufacturing	90
Goods producing industries	370
41 Wholesale trade	56
44-45 Retail trade	264
48-49 Transportation and warehousing	72
51 Information and cultural industries	36
52 Finance and insurance	44
53 Real estate and rental and leasing	40
54 Professional; scientific and technical services	122
55 Management of companies and enterprises	-
56 Admin & support; waste mgmt & remediation	110
61 Educational services	108
62 Health care and social assistance	262
71 Arts; entertainment and recreation	28
72 Accommodation and food services	156
81 Other services (except public administration)	74
91 Public administration	236
Services producing industries	1,608

Source: Urbanics Consultants Ltd., Stats Canada

Significant growth in employment with almost 2000 new jobs for residents projected by 2036 according to the constant share method. A shift share method can also be employed in order to make adjustments as to shifting share of employment among various industries given a level of maturation in a community. For example, as a community matures away from primarily rural to small town, the percentage of the workforce employed in primary goods producing sectors such as farming, mining, and utilities diminishes, while retail services, healthcare and education increase. Very mature and urban communities feature a high concentration of information, cultural, finance, real estate, professional, scientific, and managerial workers. As Sooke grows over the next 20 years, a similar trend should emerge. It is for this reason a shift share employment projection will be developed and primarily relied upon. Table below displays the shifting share of the workforce projections for 2036. Red highlighted sectors represent declining share of workforce, while green highlighted sectors represent increasing share of workforce.

Table 19: Shift Share Employment Percentages

Sooke Shift Share Employment Percentages					
	2016	2021	2026	2031	2036
11 Agriculture; forestry; fishing and hunting	1.5%	1.4%	1.3%	1.2%	1.1%
21 Mining; quarrying; and oil and gas extraction	0.7%	0.7%	0.7%	0.6%	0.6%
22 Utilities	0.3%	0.3%	0.3%	0.3%	0.3%
23 Construction	11.6%	11.4%	11.2%	11.0%	10.8%
31-33 Manufacturing	4.5%	4.5%	4.5%	4.4%	4.4%
Goods producing industries	18.7%	18.3%	18.0%	17.5%	17.2%
41 Wholesale trade	2.8%	2.8%	2.7%	2.7%	2.6%
44-45 Retail trade	13.3%	13.2%	13.1%	13.0%	12.8%
48-49 Transportation and warehousing	3.6%	3.7%	3.8%	3.9%	4.0%
51 Information and cultural industries	1.8%	1.8%	1.8%	1.9%	2.0%
52 Finance and insurance	2.2%	2.2%	2.3%	2.3%	2.4%
53 Real estate and rental and leasing	2.0%	2.0%	2.0%	2.0%	2.0%
54 Professional; scientific and technical services	6.2%	6.2%	6.3%	6.4%	6.6%
55 Management of companies and enterprises	0.0%	0.0%	0.1%	0.1%	0.1%
56 Admin & support; waste mgmt & remediation	5.5%	5.5%	5.3%	5.1%	4.9%
61 Educational services	5.4%	5.4%	5.2%	5.0%	4.9%
62 Health care and social assistance	13.2%	13.5%	13.7%	13.9%	14.1%
71 Arts; entertainment and recreation	1.4%	1.6%	1.8%	2.0%	2.0%
72 Accommodation and food services	7.9%	8.0%	8.1%	8.2%	8.3%
81 Other services (except public administration)	3.7%	3.8%	3.9%	4.0%	4.1%
91 Public administration	11.9%	11.9%	12.0%	12.0%	12.0%
Services producing industries	81.1%	81.6%	82.1%	82.5%	82.8%
Total	99.8%	99.9%	100.1%	100.0%	100.0%

Source: Urbanics Consultants Ltd., Stats Canada

These shifted shares reflect a gradual maturation of Sooke's economy over time and projected out to 2036. The primary, good producing sectors gradually decline in labour share from 18.7% to 17.2%. The service sector increases from 81.1% to 82.8%, reflecting a more urbanized and denser district of the future. Given that Sooke will remain a smaller district, the changes over the next 20 years will not be extreme, but they will happen simply as the result of increased population, aging demographic, new industries, and increasing economic sophistication and integration with the CRD.

The table below presents the result of a shift share methodology in projecting future employment levels.

Table 20: Shift Share Employment Projections

Shift Share Employment Projections					
	2016	2021	2026	2031	2036
15-64 age cohort	8525	9300	10053	10954	11936
Labour force	5,045	5,504	5,949	6,482	7,064
All industries	4,955	5,405	5,843	6,367	6,938
11 Agriculture; forestry; fishing and hunting	75.0	76	76	76	76
21 Mining; quarrying; and oil and gas extraction	35.0	38	41	38	42
22 Utilities	15.0	16	18	19	21
23 Construction	575.0	616	654	700	749
31-33 Manufacturing	225.0	243	263	280	305
Goods producing industries	925.0	989	1,052	1,114	1,193
41 Wholesale trade	140.0	151	158	172	180
44-45 Retail trade	660.0	714	765	828	888
48-49 Transportation and warehousing	180.0	200	222	248	278
51 Information and cultural industries	90.0	97	105	121	139
52 Finance and insurance	110.0	119	134	146	167
53 Real estate and rental and leasing	100.0	108	117	127	139
54 Professional; scientific and technical services	305.0	335	368	407	458
55 Management of companies and enterprises	-	-	6	6	7
56 Admin & support; waste mgmt & remediation	275.0	297	310	325	340
61 Educational services	270.0	292	304	318	340
62 Health care and social assistance	655.0	730	801	885	978
71 Arts; entertainment and recreation	70.0	86	105	127	139
72 Accommodation and food services	390.0	432	473	522	576
81 Other services (except public administration)	185.0	205	228	255	284
91 Public administration	590.0	643	701	764	833
Services producing industries	4,020.0	4,411	4,797	5,253	5,744

Source: Urbanics Consultants Ltd., Stats Canada

The result of the shift share approach is still projecting almost 2000 new jobs by 2036, however the split in terms of goods producing, and service producing is different than the constant share projection. The table below highlights the new job gains per industry and in each sector by 2036.

Table 21: Shift Share Net Job Gains - 2036

Shift Share Net Job Gains	
	Net gain in jobs
All industries	
11 Agriculture; forestry; fishing and hunting	1
21 Mining; quarrying; and oil and gas extraction	7
22 Utilities	6
23 Construction	174
31-33 Manufacturing	80
Goods producing industries	268
41 Wholesale trade	40
44-45 Retail trade	228
48-49 Transportation and warehousing	98
51 Information and cultural industries	49
52 Finance and insurance	57
53 Real estate and rental and leasing	39
54 Professional; scientific and technical services	153
55 Management of companies and enterprises	7
56 Admin & support; waste mgmt & remediation	65
61 Educational services	70
62 Health care and social assistance	323
71 Arts; entertainment and recreation	69
72 Accommodation and food services	186
81 Other services (except public administration)	99
91 Public administration	243
Services producing industries	1,724

Source: Urbanics Consultants Ltd., Stats Canada

The output of the shift share analysis is for a projected 268 industrial oriented, goods producing jobs, and 1724 commercial oriented, service sector jobs by 2036. Given that the District of Sooke has a significant current outflow of residents working outside of the community (71% of residents commute outside District for work), it is estimated that only about 30% of workers are employed within the District. This 30% will represent the low scenario, as the District should, as it matures, attract more businesses into the core which can create more jobs in the community and ensure more of the workforce works in the community rather than commute out for employment opportunities. Therefore, the low, median and high scenario for this job capture rate will be 30%, 40%, and 50% respectively.

Table 22: Job Capture Scenarios

Job capture share			Industrial - Goods producing	Commercial - Service producing	Total new jobs hosted in the District of Sooke
Low	30%		80	517	598
Median	40%		107	690	797
High	50%		134	862	996

Source: Urbanics Consultants Ltd., Stats Canada

Industrial – goods producing sector will add approximately 80-134 new jobs inside of the District boundaries between 2016 and 2036.

Commercial – service producing sector will add approximately 517-862 new jobs inside the District boundaries between 2016 and 2036.

The preferred route for most communities is to increase the job density. Since industrial and commercial land uses pay so much more in property taxes than residential, the fiscal health of a local government such as Sooke, is very much dependant on a thriving business community that decides to locate their activities in employment lands inside of the District's boundaries. A variety of strategies will be discussed in following chapters detailing how Sooke can attract and retain industrial and commercial employers and further develop those land uses.

## 4.5. Conclusions

Given that employment density on industrial land can vary so greatly, a large average level would be employed in this study in order to convert new jobs into additional industrial land demand.

In the Metro Vancouver region, approximately 275,000 jobs<sup>6</sup> are accommodated on 11,331 hectares of land<sup>7</sup> yielding an average industrial employment density of 24 jobs per hectare. Given that this is an estimate based on metro Vancouver 's more densified land use policies, industrial land in Sooke should be expected to host job densities lower than this. The consultant will assign a range of between 10-20 industrial jobs per hectare.

Commercial land includes both office and retail land uses typically hosts approximately 1 job per 250 square feet of developed space. Given floor space ratios of 0.2-0.3 for retail and office space which is typical in smaller markets such as Sooke, a hectare of commercial (retail and office) land should support somewhere between 85-130 jobs.

<sup>6</sup> <http://www.metrovancouver.org/services/regional-planning/industrial-lands/about-industrial-lands/Pages/default.aspx>

<sup>7</sup> <http://www.metrovancouver.org/services/regional-planning/PlanningPublications/PPEIndustrialLandsInventorySummaryReport.pdf>

Given these ratios and these assumptions, the absorption rate for employment lands over the next 20 years for Sooke is as follows:

Table 23: Industrial Employment Land Needs Conversion

Industrial Employment to Land Needs Conversion Matrix	Low Industrial Employment density @10 jobs/hectare	Median Industrial Employment density @15 jobs/hectare	High Industrial Employment density @20 jobs/hectare
Low Industrial Employment Capture @80	8	5.3	4
Median Industrial Employment Capture @107	10.7	7.1	5.35
High Industrial Employment Capture @134	13.4	8.9	6.7

Source: Urbanics Consultants Ltd.

The demand for industrial land use out to 2036 ranges between as little as 4 hectares (low industrial employment capture, and high industrial job density) to as much as 13.4 hectares (representing high employment capture and low industrial job density). The median estimate is around 7 hectares.

Table 24: Commercial Employment Land Needs Conversion

Commercial Employment to Land Needs Conversion Matrix	Low Commercial Employment density @85 jobs/hectare	Median Commercial Employment density @110 jobs/hectare	High Commercial Employment density @130 jobs/hectare
Low Commercial Employment Capture @517	6	4.7	4
Median Commercial Employment Capture @690	8.1	6.3	5.3
High Commercial Employment Capture @862	10.1	7.8	6.6

Source: Urbanics Consultants Ltd.

The demand for commercial land use out to 2036 ranges between as little as 4 hectares (low commercial employment capture, and high commercial job density) to as much as 10.1 hectares (representing high commercial employment capture and low commercial job density). The median estimate is around 6 hectares.

- Low scenario projects approximately 8 hectares of new employment lands required by 2036.
- Median scenario projects approximately 13 hectares of new employment lands required by 2036.
- High scenario projects approximately 23.5 hectares of new employment lands required by 2036.

## 5. Stakeholder Phone Interviews

The consultant asked several stakeholders about their inputs on the following items:

1. Business climate (taxes, formation, optimism)
2. Missing industries, shops or services in the community
3. Unemployment levels, skills match or mismatch

### 5.1.1. Business Climate (taxes, formation, optimism)

- Lots of hobby farms but there should be animal food/feed retailer the pet stores that exist, might have lack of animal feed products.
- Need for additional social and medical services to deal with escalating drug use in the community proliferating among marginalized populations.
- Main barrier to locating more industrial firms in Sooke is the limited transportation link. This link is routinely severed by vehicle incidents or tree falls which can cut off traffic for hours.
- Small businesses like cottages/hospitality, artisan upholstery, wrought iron fabrication, wasabi farm and campgrounds provide some additional seasonal employment.
- Forestry industry has declined significantly but still has a presence and pays livable wages for those employed in it.
- There is a clash between tourism and logging sector interests, with one side wishing to preserve nature and forests for aesthetic reasons, and the other side depending on logging for employment.
- 50-acre Sooke Industrial Park outside of Sooke boundaries has recently opened with just under a third of the land for buildings that will house both micro-cultivators and a production facility for Cannabis.
- Indicators point towards low commercial vacancies.
- Rents for commercial space in Westshore communities is now becoming very expensive reaching par with Victoria, this is also impacting retail/office rents in Sooke.
- Evergreen Shopping Centre expansion and redevelopment is underway.

### 5.1.2. Missing Industries, shops or services in the community

- Sooke shelter is busy and underfunded.
- Clothing store (FIELDS Sooke store) is good, but limited and 2 thrift stores are good, but there may be need for an additional clothing retailer.
- Home support/care workers is a growing industry as are day programs for people with developmental disabilities, Sooke child and youth centre and day cares are thriving and may need to be expanded in the near future.

### 5.1.3. Unemployment levels, skills match or mismatch

- Lack of traditional jobs which employ permanent full-time workers. Difficult for single parent or marginalized workers to get livable wages. Stable permanent jobs are usually located farther away in the Westshore communities or Victoria but that presents significant transportation and commuting burden.

- The dream is to find work in Sooke, but unfortunately many of those jobs are lower pay and or unstable.
- There exists a skills mismatch, lots of employers who need to hire but can't afford to pay livable wages, workers who are working for "fun" and are not primary breadwinners can find jobs quickly. BC Public service jobs/government or BC pension employees who will commute to Victoria also settle in Sooke in increasing numbers.
- Lots of people have resource-based skill sets but are now injured or industry has died, and they can't fit into the new workforce, computer literacy workshops offered by WorkLink helps give them the skills they need to look for new jobs.

## 6. SWOT Analysis

Based on preliminary research and the stakeholder engagement methods the Consultant has identified below the strengths, weaknesses, opportunities and threats related to the future economic prospects of the District of Sooke.

### **Strengths:**

- Natural assets (Sooke Basin) – the natural beauty of the intersection between the basin, the forest, the mountains and ocean with an emphasis on fishing and outdoor activities as a main tourism driver was repeatedly identified.
- Tourism, recreation and accommodation industry segments – The recent establishment of the Sooke to Port Renfrew Tourism Association and the attractive and comprehensive digital footprint and presence.
- Population growth, more people naturally results in increased business activity as demand for consumer goods increases, and the labour force expands.
- Major private real estate development activity – There has been an increase in development activity in the District over the past few years, including plans for the redevelopment of a 10-acre property at the corner of Church Road and Wadams Way “Wadams Farm” by Aragon, which would add over 133 new homes and envisions a friendly, walkable neighborhood.
- Geographic proximity to major city (Victoria) – Close proximity to major cities is a favourable attribute to the Sooke District as it provides access to various markets in terms of labour availability, exports of products and tourism generation.
- Quality of Life/Lifestyle – As identified in the survey of local businesses, the District offers a range of high-level quality of life measures, such as, good school system, low crime rate, good amenities, good recreational activities and generally a safe place to live.
- Competitive property tax rates.
- Streamlined business regulatory system.

### **Weaknesses:**

- Aging Population – Aging population in the District, as the 45 to and 65 and up age-cohorts increase in size. The aging population has implications on the need for more services directed towards the elderly and the need for more working aged individuals to migrate to the area.
- Decline of workforce and family aged population share – Has implications on the ability of businesses to retain a strong workforce.
- Sooke is facing an extremely tight rental housing market. Interviews with the stakeholders and municipal staff has also suggested that there is a limited supply of rental housing in the community. As a result, overall rents have significantly increased, and several households are facing significant difficulty in securing appropriate housing.
- Low levels of post secondary education in the labour force.

- Long commutes, and a bedroom community dynamic where 71% of residents work outside of the District.
- Poor taxi and public transit coverage.
- Aging buildings and infrastructure, most of the infrastructure is approaching its natural life cycle end, and low density suburban expansion is not providing property taxes that cover infrastructure maintenance costs.
- Unregulated short-term vacation rental market.
- High commercial DCC rates reflecting anticipated high growth rates in population and attendant increase in employment facilities which results in high forecasts for new roads and sewer capacity. Due to Sooke's status as a smaller, fast growing community, major capital investments need to be made which have high upfront costs which other, more established communities do not face.

### **Opportunities:**

- Regional collaboration was identified through the stakeholder engagement process as an opportunity to help long-term economic activity growth. Working in cooperation with regional organizations such as Capital Region Housing Corporation to increase the supply and affordability of housing.
- Closer integration with permanent multi-stakeholder Partnership Committee that includes business, community, First Nations and government representation.
- Strengthen capacity through a dedicated economic development position in Sooke. This individual could work as an adjunct to organizations like Sooke Region Chamber of Commerce and the Sooke Port Renfrew Tourism Association.
- Large pre-zoned industrial land base, largely vacant and available for development.
- Tax incentives and accelerators for tech companies which are quite mobile and have employees which greatly value quality of life considerations.
- Aggressive focus on promoting tourism, by instituting a pro short-term rental policy but levying municipal fees and levies on it as a new founding source which can be dedicated revenue stream for Sooke to Port Renfrew Tourism Association. The City of Vancouver has recently done this and has raised approximately \$3.5 million in 2018 which is almost double what they anticipated.
- Diversify industry segments as the economic climate changes and new industry segments develop, business retention and attraction strategies should be fostered to attract new opportunities in technology, agriculture and forestry-based production, film and movie, light manufacturing and eco-based tourism businesses.
- Explore new grant opportunities – through Destination BC, the Rural Dividend Fund (temporarily disbanded), Island Coast Economic Trust and other provincial and federal initiatives. These resources can best be harnessed once regional partnerships are strengthened.

- Enhance First Nations partnerships – combine the First Nations access to land and funding resources with local government expertise and resources to create new and dynamic economic development partnerships.
- Build out on Region's Tourism Potential through strengthening the region's connection to the Port Renfrew Circle Route to Victoria, and through targeted tourism-based strategies in tourism product development through trail enhancement, cycling, and the build out of the accommodations and camping potential in the region.
- Develop land use strategies and business incentives to pave the way for attracting new industrial and commercial businesses to the region.

**Threats:**

- Unforeseen decline in major economic industries – Changes to the Softwood Lumber Agreement and the slowing of trade between the United States and Canada could have a detrimental impact on manufacturing and forestry in the region.
- Rapidly aging population and a lack of workforce to provide taxes and services for them.
- A rise in the value of the Canadian dollar could slow tourism traffic to the region.
- Climate change/natural disasters, sea level rise.
- Failure to collaborate regionally could result in under-utilization of potential grant resources and the fracturing of economic development growth.
- Lack of progressive land use planning for industrial and commercial development could also result in lost opportunities.
- Rapidly escalating housing and rent costs keeping out workers and families
- Drug use proliferation and an atrophying of skillsets among disgruntled and discouraged workers.

## 7. Conclusion

This chapter will focus on summarizing the findings from the prior streams of analysis and providing insights as to actionable strategies for economic diversification. The following items will be addressed:

- Review of short-term rental situation in Sooke, and insights as to regulatory responses that can encourage tourism, aid in economic development, and preserve housing stock for local residents.
- Based on the economic base and supply analyses as well as growth factors such as projected employment growth and land absorption rates, the Consultant will then project the unmet demand (Gap) for employment lands over the next 20 years.
- The Consultant will provide an assessment of the projected employment land use and retail lands demand in relation to the current employment land supply. The projections will be used to examine the adequacy of the current capacity of the employment lands to accommodate the future demands.
- The Consultant will also examine specialty types of employment use which may be well-positioned for growth and examine the policy framework impacting them.
- The Consultant will examine results of the above assessment against existing District policies, and make recommendations with regards to appropriate strategies, land use regulations, and public policy approaches to managing and enhancing the supply of employment lands in the District.

### 7.1. Short-Term Rentals

The District of Sooke has the option to regulate short-term rentals (rentals less than 30 days). This could improve the availability of smaller units to local residents but would primarily serve as a way for tourists to visit Sooke.

Research from a variety of sources shows an increase in short-term rentals is correlated with a slight increase in rents for the same area. Other research indicates there was even a slight increase in housing prices in the communities where short-term rentals proliferated.<sup>8</sup>

The option for homeowners to rent a portion of their residence will help homeowners afford the high monthly mortgage payments many face in Sooke. In order to address common concerns among neighbors, it should be noted that short-term rentals have not been associated with an increase in traffic when compared to long-term rentals.

Regulating short-term rentals may produce the added benefit of increasing the supply of rentals overall, while assisting residents in creating another revenue stream without changing the character of the neighborhood.

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<sup>8</sup> <https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices>

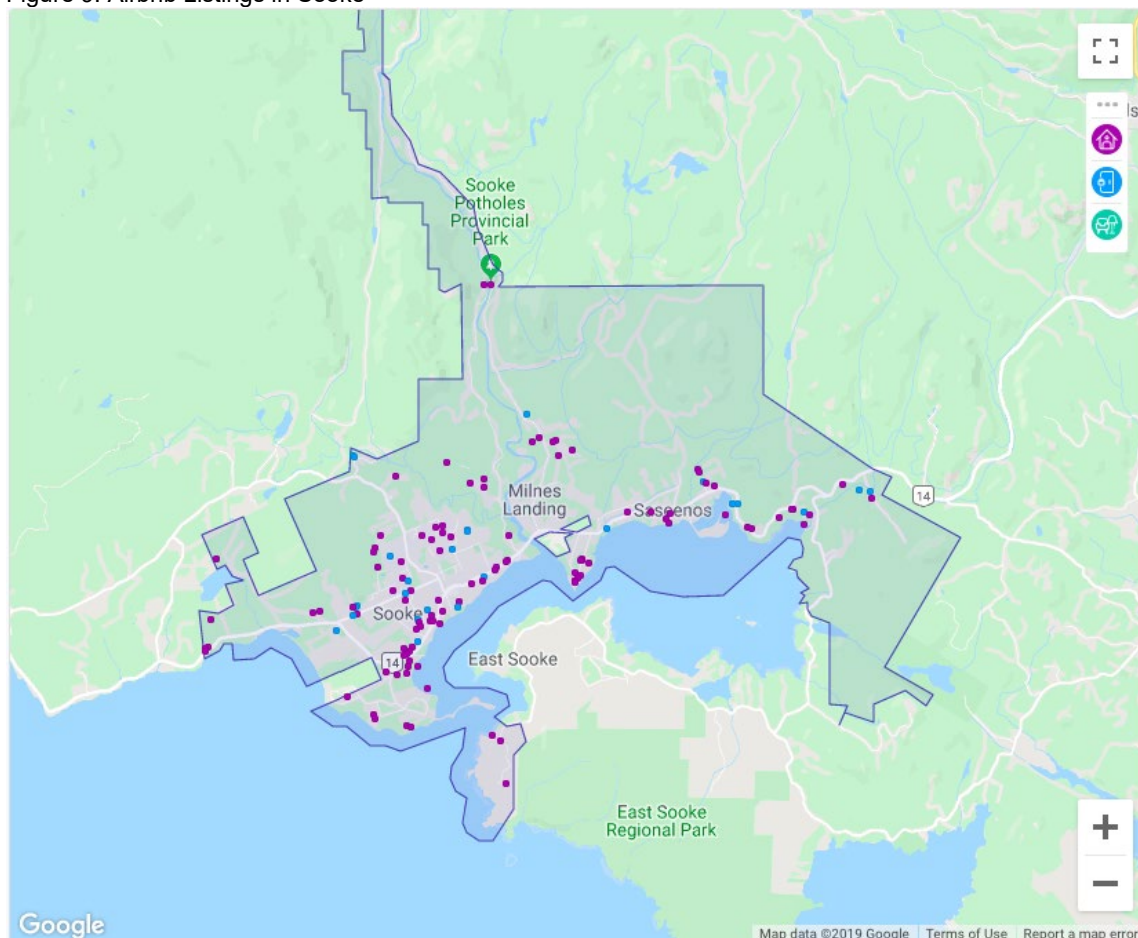
In order to create more rental housing, the District could enforce a maximum number of bedrooms per rental for each short-term rental permit; this will likely decrease space for current short-term rental suites and create more space for long-term rentals.

Analysis software is available through businesses that specialize in short-term rental analysis, such as AirDNA. This software is a tool for local governments to effectively enforcement permitting within their community.

A study on the short-term rental market was done for the District recently. The study found that:

*There are currently 24 vacation rental Home Based Businesses in District of Sooke. However, AirDNA (<https://www.airdna.co/>) data shows 119 properties actively listing such accommodation on popular websites Airbnb and HomeAway.*

Figure 9: Airbnb Listings in Sooke



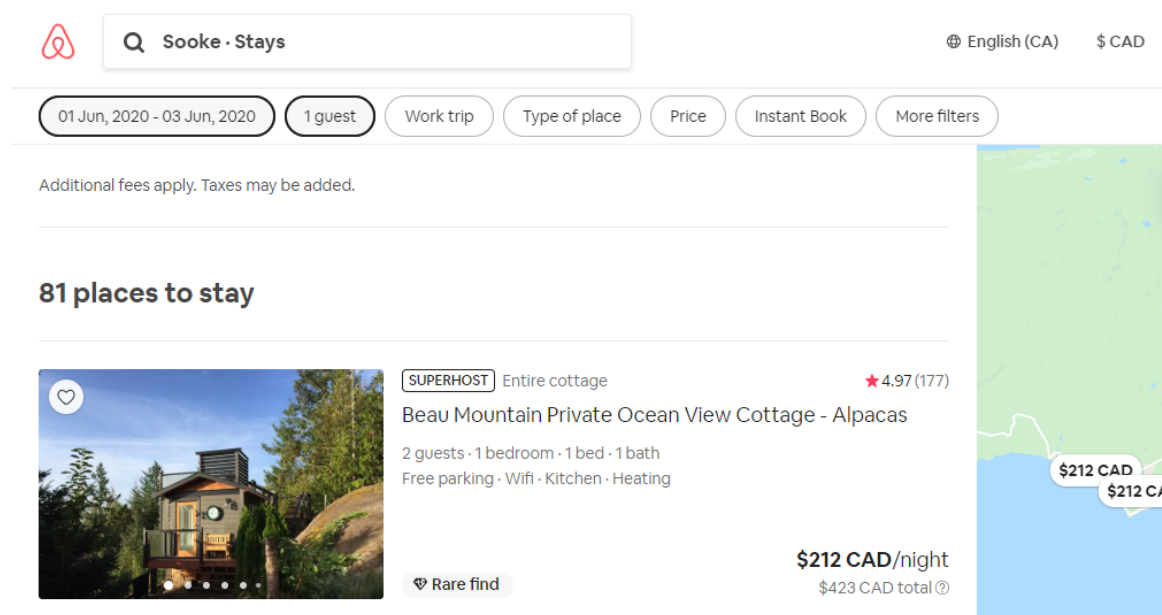
Source: District of Sooke Short-Term Rental Zoning Bylaw Review and Report

The District report highlights that:

*As evident in the image, most rentals are along the waterfront and are entire suite rentals rather than the rental of private rooms within the home. AirDNA estimates that 41% of these properties are full-time investment properties rather than rented on a part-time (such as weekends) basis. Of the 119 listings, twenty offer only a private room rather than the full house or suite. About half of the listings are offered for half or more of the calendar year.*

Urbanics has investigated the Sooke short-term rental market availability for peak travel season (June) and has uncovered approximately 81 listings.

Figure 10: June 2019 Sooke Airbnb listings



Source: Urbanics Consultants Ltd., Airbnb

Based on the above findings, somewhere between 81-119 short-term rentals exist in the Sooke area, of which 41% are of a permanent investment property commercial business nature. the short-term rental market is tying up between 33-49 dwellings that may serve as permanent rental units. Given that the total size of the regular rental market in Sooke is approximately 1150 dwellings<sup>9</sup>, this is approximately 3-5% of Sooke's rental housing stock.

The City of Vancouver has brought in regulations that ensure that the short-term rental market is limited to only principal resident occupied properties. This has clamped down hard on the short-term rental market and has resulted in a drop in the total number of Airbnb listings. Vancouver requires all short-term rental hosts to get a business licence, and they can only post a property if it's their primary residence. In theory, it means entire homes can only be available if the regular

<sup>9</sup><https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5917052&Geo2=PR&Code2=59&SearchText=Sooke&SearchType=Begin&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=5917052&TABID=1&type=0>

residents are temporarily away. Since the city began enforcing the rules in September, the number of listings in Vancouver has decreased by about 40 per cent [from its peak](#).<sup>10</sup>

In the Canadian context, the average Airbnb listing earns just over \$5000 per year.<sup>11</sup> This is approximately \$400/month and can certainly enable homeowners with a large mortgage to be able to afford their monthly payments.

## 7.2. Findings and Recommendations

### 7.2.1.1. Findings

1. The demand for industrial land use out to 2036 ranges between as little as 4 hectares (low industrial employment capture, and high industrial job density) to as much as 13.4 hectares (representing high employment capture and low industrial job density). The median estimate is approximately 7 hectares.
2. The demand for commercial land use out to 2036 ranges between as little as 4 hectares (low commercial employment capture, and high commercial job density) to as much as 10.1 hectares (representing high commercial employment capture and low commercial job density). The median estimate is approximately 6 hectares.
3. There is 32 hectares of M2 zoned land is under utilized. In total there is approximately 41 hectares of under-utilized industrial land with 12.39 hectares of vacant industrial land.
4. There is 8.8 hectares of C2 zoned land that is under utilized, as well as 8.67 hectares of C4 “Commercial Recreation” underutilized. In total there is approximately 22 hectares of under-utilized commercial land as well as 7.2 hectares of vacant commercial land.
5. There is no projected shortage of industrial or commercial land as the industrial and commercial land inventory indicates that there is more vacant employment land than total warranted demand by 2036 under a “median scenario” projection. In addition, there are significant employment land parcels that are host to limited levels of activity and are considered “under-utilized”. These parcels can be subject to intensification in the coming years as market conditions warrant it. That said, the Consultant estimates that the supply of vacant employment lands will be completely exhausted by 2036.
6. Growth industries will be healthcare, warehousing and wholesale trade, filming, tourism and recreation as well as accommodation.
7. Short-term rentals comprise approximately 3-5% of rental housing stock, or 1-2% of total housing stock. It is most likely that they contribute in a small way to increasing rents and prices.
8. Much of the industrial zoned land is on the waterfront at Goodridge Peninsula, and this presents an opportunity for significant marine oriented industrial activities. Alternatively, it may also be the basis of recreation-oriented development opportunity.

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<sup>10</sup> <https://www.cbc.ca/news/canada/british-columbia/vancouver-short-term-rentals-1.5125011>

<sup>11</sup> <https://upgo.lab.mcgill.ca/publication/short-term-cities/>

### 7.2.2. Recommendations

A sustainable economy provides diverse and viable economic opportunities for meeting the needs of present and future generations. Employment options provide incomes that are livable and family supporting. The built environment is designed in a way to reduce and/or limit negative impacts on the natural environment. The use of renewable resources, a reduction in pollution, commute times and waste, and the efficient use of energy, materials, and labour are hallmarks of a sustainable economy. Such an economy is both resilient and dynamic in the face of changing market, social, public policy, and environmental circumstances.

Sooke can build on several strengths to further develop a vibrant local economy. These include its strategic and picturesque location on the Pacific Rim, a growing population and labour force, cheap and plentiful land, competitive tax policies, and good transportation links to the CRD. Sooke also has a strong and diverse core of economic activity in retirement services, health care, tourism, fishing, film, manufacturing, and agriculture. At the same time, a few challenges in the local economy need to be addressed to ensure continued economic viability. These include the geographic/transportation logistics constraints of an island location, an aging population, shortages of educated workers in many sectors, long commutes, status as a bedroom community, a lack of affordable housing, traffic congestion, and a burdensome commercial development DCC environment.

As part of the study, the Consultant has identified 9 recommendations the Sooke District should pursue to help create a more sustainable economic environment.

**Recommendation #1** – Create a stakeholder group that continues to meet on a regular basis to discuss economic development initiatives. The stakeholder group should consist of representative from both the public and private sectors to ensure equal representation exists. The stakeholder group should meet periodically to discuss various initiatives for the District – the Consultant proposes meeting on a quarterly basis. Having a defined group with representation from both the private and public sectors will create an environment where various initiatives can be pursued collaboratively.

**Recommendation #2** – Hotel and Tourism Study to be commissioned which can study the tourism sector in depth and identify the viability of attracting a major recreation oriented land use which can serve as a traffic generator and catalyst for expanded hospitality, tourism, hotel and conference facility investment by the private sector. The outputs of this Hotel and Tourism study should also inform the creation of a detailed, long-term tourism development strategy that incorporates trail development, cycling opportunities, fly-fishing and expanding the accommodation and camping sector. This strategy will allow for parties involved in the tourism sector to provide input on opportunities and areas that can be improved. Additionally, by creating a strategy, funding from various federal, provincial and local government entities is more likely to be received. A strategy will also help the District identify itself with a certain brand.

**Recommendation #3** – Clarify the priorities of District leader's vis a vis housing affordability and tourism. If an aggressive tourism promotion campaign is pursued, a permissive regulatory

environment around short-term rental will serve the District well in attracting a broad and diverse base of tourists providing them with flexible overnight accommodation options. The District may also explore the feasibility of bringing in a licensing and permit regime along the lines of the one implemented in the City of Vancouver where sales tax is collected from hosts and guests and is used to either fund tourism promotion programs or affordable housing creation. Alternatively, if the District decides to pursue an industry centric employment strategy it may be warranted to crack down totally on short-term rentals since they currently tie up somewhere between 3-5% of rental housing stock, so that there is more workforce housing available for long term tenants.

**Recommendation #4 – Retail Study** to be commissioned which can study the competitive dynamics of trade area, consumer retail expenditure patterns and provide a more in-depth assessment on the retail gaps, niches and opportunities that may be available. Given the limited parameters of this study, and the small range of retailing facilities in Sooke, the Consultant was not able to adequately explore the retail environment.

**Recommendation #5 – Site Assessment for Goodridge Peninsula** to be conducted which incorporates community feedback as to what the long-term planning designation for this large parcel can be. Given that it is currently zoned industrial and is one of the largest parcels noted by Urbanics in this report, the future retention of its industrial zoning has great impacts on the total supply of industrial land available in Sooke.

**Recommendation #6 – Conduct a comprehensive land-use market study.** The study will examine the current supply and capacity of commercial (retail/other), industrial, residential and hospitality land uses in Sooke. In addition, it will project the future needs of the community. The land-use study will include a comprehensive assembly of current supply of various land uses and project the demand for those land uses, based on the data collected from the employment analysis that was conducted in this study. This study will aim to encourage and support economic development within designated “Centres” and “Nodes” and channel public sector capital project improvements in order to facilitate the densification and development of those areas. This will help limit sprawl and aid in ensuring that the long-term financial viability of the Sooke District will not be imperiled by low density, expensive to service development in the outer fringes.

**Recommendation #7 – Explore options for establishing a Business Improvement Association (BIA).** Given that Sooke is a very small community, it may not have the density of residents, or businesses needed to establish an effective BIA. However, District leaders should remain open to the possibility of nurturing a BIA.

**Recommendation #8 –** Given the strength of manufacturing in the District, it may be warranted to explore opportunities for added value manufacturing, particularly in the advanced wood products fabrication sector.

**Recommendation #9 –** Explore opportunities for Agritourism by leveraging the sentimental, physical, and economic legacy of existing and former farms.

## Appendix 1: Housing Development Analysis

The District of Sooke identified Lot A (6671 Wadams Way) for the housing development analysis. This property presents opportunities for creating a diversity of housing types over the next decade appropriate for the housing needs projected for the study period 2016-2031. These locations are identified below. However, it should be noted that future development, particularly seniors housing, should be carefully planned to maximize livability of the housing and neighbourhood.

### A.1.1 Development issues

The District has witnessed limited new housing development as its population is rapidly increasing and have driven up the prices of homes to price points unaffordable to a majority of the resident population. These economic fundamentals are likely to have an even greater impact on the supply of affordable housing for households with low to moderate incomes.

For example, a developer would be unlikely to develop housing when the anticipated revenues are not significantly higher than the total costs of development (land costs, development costs and marketing costs). Essentially:

*Developer's profit* = net revenue – costs (land + construction + financing)

In such cases, a municipality could incentivize developers by either enhancing revenues or decreasing costs of development. This can be done by the way of policies such as zoning, density bonusing and/or decreasing costs of development by way of approval costs, DCC's, taxes etc. This is even more critical in the case of affordable housing as the prospect of reduced revenues over the life of the development would further limit development.

The various cost components of a residential development are provided below:

- **Land costs**
- **Off-site servicing costs**, such as costs associated with roads, utilities, etc.
- **Construction costs**, such as:
  - Hard costs: Cost of building construction
  - Soft costs: Cost of consultants, permits, fees, etc.
- **Financing costs**

The development analysis contained in the next section is based on the construction costs (hard and soft) provided in the Altus Cost Guide 2019 and verified through consultations with local homebuilders. The costs to develop have been adjusted based on the costs in the Capital Regional District in the Province of British Columbia.

It should be noted that off-site servicing costs (frontage improvement charges) are only associated with municipalities given the regulatory latitude available (i.e. the MoTI maintains regulatory jurisdiction over road rights-of-way within regional districts). Specific costs were not considered for these analyses. Urbanics utilized the Altus Cost Guide to estimate on-site development costs for each identified development typology. The construction values are provided on a per square foot gross cost (hard and soft costs) basis but excludes site landscaping costs (which are highly subjective) and off-site servicing costs such as curb, gutter, sidewalk, street lights, fire hydrants,

paving, plus sewer and water upsizing or replacement costs etc., and development cost charge eligible projects that might apply. Accordingly, the development values used for this analysis represent an “order of magnitude” cost. A more detailed development proforma has not been provided for comparative analysis as the degree of required data input is strictly tied to the nuance associated with of site characteristics, location within the District, building design and finish, plus financing implications etc. However, the order of magnitude costs are useful for comparative analysis associated with site development.

The next section determines the development potential of the land parcel identified by the District and they examine the costs of development and the potential qualifying income for each of the owner-occupied and renter occupied dwelling types. Further, based on the qualifying income for each of the housing types, it identified the proportion of households that will not be able to purchase or rent a particular housing type. The main focus of the analyses is to identify housing types that are more likely to be affordable to a larger proportion of households in the community.

### A.1.2 Lot A (6671 Wadams Way)

<b>Lot A Northeast Corner (Affordability) (Saleable)</b>	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>Total</b>
Distribution	25%	50%	25%	
Number of units	20	40	20	80
Built sf (Efficiency 90%)	700	850	1,000	68,000
Total Buildable sf	778	944	1,111	75,556
<b>Development Costs</b>				
Land cost (2019 BCA)	\$ 9,308	\$ 11,303	\$ 13,298	\$ 904,250
Building cost				
Hard costs	\$ 168,000	\$ 204,000	\$ 240,000	\$ 16,320,000
Hard costs contingency	\$ 16,800	\$ 20,400	\$ 24,000	\$ 1,632,000
Soft costs	\$ 33,600	\$ 40,800	\$ 48,000	\$ 3,264,000
Soft costs contingency	\$ 3,360	\$ 4,080	\$ 4,800	\$ 326,400
<b>Financial Costs</b>				
Financial Costs (LTV 75%, 2 years, 6.5%)	\$ 17,263	\$ 20,962	\$ 24,661	\$ 1,676,975
Developer profit (10%)	\$ 24,833	\$ 30,155	\$ 35,476	\$ 2,412,363
<b>Total Costs</b>	<b>\$ 273,165</b>	<b>\$ 331,700</b>	<b>\$ 390,235</b>	<b>\$ 26,535,988</b>
<b>For-sale units</b>				
Loan Amount (80%)	\$ 218,532	\$ 265,360	\$ 312,188	
Mortgage payment (3%, 25 years) (\$ monthly)	\$ 1,036	\$ 1,258	\$ 1,480	
PITI (property tax \$5.46 from Sooke 2019, Homeowner Insurance 0.25% of the house value) (\$ annual)	\$ 14,610	\$ 17,741	\$ 20,871	
Qualifying income(\$ annual)	\$ 48,700	\$ 59,136	\$ 69,571	
% of households that fail affordability test	33%	41%	48%	
<b>Rental Units</b>				
Debt service (monthly) 3%	\$ 683	\$ 829	\$ 976	
Mangement fee (25% of the gross rental income)	\$ 228	\$ 276	\$ 325	
Minimum rent (includes 10% replacement reserve)	\$ 1,002	\$ 1,216	\$ 1,431	\$ 1,167,583
Qualifying income(\$ annual)	\$ 40,064	\$ 48,649	\$ 57,234	
% of households that fail affordability test	26%	33%	40%	

Table: Development analysis: Lot A Northeast Corner (Affordable housing)

Source: Urbanics Consultants Ltd. & Altus cost guide

Notes: Land costs are based on 2019 BC assessment land value  
Hard costs are estimated at \$216 psf for 5-6 storey wood frame building  
Development finance costs are estimated at 6.5 percent per year  
Soft Costs are 20 percent of hard costs except where stated otherwise  
Developer profit is 10 percent of total costs considering the affordability housing characteristic  
Loan amount is estimated to be 80 percent of the total unit cost  
Minimum rent includes 10 percent replacement reserve in addition to debt service and management fee  
Mortgage payment interest rate and permanent financing of the rental units are estimated at 3 percent  
The qualifying income is calculated by dividing the PITI and the minimum rent by 30 percent

The findings from the above table for market rate housing are:

- 700 sf 1-bedroom unit will sell for \$273,000 and not be affordable to 33 percent of the households. Alternatively, it could potentially rent for a minimum of \$1,000 per month and will not be affordable to 26 percent of the households in the community.
- 850 sf 2-bedroom unit will sell for \$332,000 and not be affordable to 41 percent of the households. Alternatively, it could potentially rent for a minimum of \$1,200 per month and will not be affordable to 33 percent of the households in the community.
- 1000 sf 3-bedroom unit will sell for \$390,000 and not be affordable to 48 percent of the households. Alternatively, it could potentially have a minimum rent of \$1,400 per month which will not be affordable to 40 percent of the households in the community.

<b>Lot A Southeast Corner (Market)</b>	<b>1 bed</b>	<b>2bed</b>	<b>3 bed</b>	<b>Total</b>
Distribution	20%	60%	20%	
Number of units	10	30	10	50
Built sf (Efficiency 90%)	700	850	1,000	42,500
Total Buildable sf	778	944	1,111	47,222
<b>Development Costs</b>				
Land cost (2019 BCA)	\$ 14,894	\$ 11,303	\$ 13,298	\$ 621,007
Building cost				
Hard costs	\$ 258,222	\$ 313,556	\$ 368,889	\$ 15,677,778
Hard costs contingency	\$ 25,822	\$ 31,356	\$ 36,889	\$ 1,567,778
Soft costs	\$ 51,644	\$ 62,711	\$ 73,778	\$ 3,135,556
Soft costs contingency	\$ 5,164	\$ 6,271	\$ 7,378	\$ 313,556
<b>Financial Costs</b>				
Financial Costs (LTV 75%, 2 years, 6.5%)	\$ 26,578	\$ 31,766	\$ 37,372	\$ 1,592,481
Developer profit (15%)	\$ 57,349	\$ 68,544	\$ 80,640	\$ 3,436,223
<b>Total Costs</b>	<b>\$ 439,673</b>	<b>\$ 525,507</b>	<b>\$ 618,244</b>	<b>\$ 26,344,377</b>
<b>For-sale units</b>				
Loan Amount (80%)	\$ 351,739	\$ 420,406	\$ 494,595	
Mortgage payment (3%, 25 years) (\$ monthly)	\$ 1,668	\$ 1,994	\$ 2,345	
PITI (property tax \$5.46 from Sooke 2019, Homeowner Insurance 0.25% of the house value) (\$ annual)	\$ 23,516	\$ 28,106	\$ 33,066	
Qualifying income(\$ annual)	\$ 78,385	\$ 93,688	\$ 110,221	
% of households that fail affordability test	55%	65%	74%	
<b>Rental Units</b>				
Debt service (monthly) 3%	\$ 1,099	\$ 1,314	\$ 1,546	
Management fee (25% of the gross rental income)	\$ 366	\$ 438	\$ 515	
Minimum rent (includes 10% replacement reserve)	\$ 1,612	\$ 1,927	\$ 2,267	\$ 1,159,153
Qualifying income(\$ annual)	\$ 64,485	\$ 77,074	\$ 90,676	
% of households that fail affordability test	45%	54%	63%	

Table: Development analysis: Lot A Southeast Corner (Market)

Source: Urbanics Consultants Ltd. &amp; Altus cost guide

Notes: Land costs are based on 2019 BC assessment land value

Hard costs are estimated at \$216 psf for 5-6 storey wood frame building

Development finance costs are estimated at 6.5 percent per year

Soft Costs are 20 percent of hard costs except where stated otherwise

Developer profit is 10 percent of total costs considering the affordability housing characteristic

Loan amount is estimated to be 80 percent of the total unit cost

Minimum rent includes 10 percent replacement reserve in addition to debt service and management fee

Mortgage payment interest rate and permanent financing of the rental units are estimated at 3 percent

The qualifying income is calculated by dividing the PITI and the minimum rent by 30 percent

The findings from the above table for market rate housing are:

- 700 sf 1-bedroom unit will sell for \$440,000 and not be affordable to 47 percent of the households. Alternatively, it could potentially rent for a minimum of \$1,600 per month and will not be affordable to 38 percent of the households in the community.

- 850 sf 2-bedroom unit will sell for \$525,500 and not be affordable to 56 percent of the households. Alternatively, it could potentially rent for a minimum of \$1,900 per month and will not be affordable to 46 percent of the households in the community.
- 1000 sf 3-bedroom unit will sell for \$618,000 and not be affordable to 65 percent of the households. Alternatively, it could potentially have a minimum rent of \$2,250 per month which will not be affordable to 54 percent of the households in the community.

The northeast corner of Lot A, where it is designated for affordable housing based on the findings from the 2019 report from Keycorp Planning, can meet the housing needs for a larger portion of the population while the market housing at the southeast corner is mainly constructed for higher income households based on the consultant's projection.