



**Presentation to Regional Economic Prosperity
Management Board**

July 2020



**MAKING AN
IMPACT THAT
MATTERS**

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Engagement Objectives and Approach

Metro Vancouver is seeking analysis of potential economic recovery scenarios to support efforts to attract international and domestic investment to the region



Metro Vancouver Industrial Clusters

Pre-COVID research by the Greater Vancouver Board of Trade and the Conference Board of Canada identified 5 main industry clusters, in which firms, institutions and workforce draw productive advantage

Gateway and Transportation

Port of Metro Vancouver, YVR, Air, Truck and other Transportation, Storage and Courier Services

Tourism

Tourism-related Accommodation, Transportation, Attractions, Entertainment, Food and Beverage

Information / Cultural

Publishing, Motion picture, Sound Recording, Radio and TV Broadcasting

High-Tech

Telecommunications, Computer and Electronic Manufacturing, System Design, Data processing

Finance, Insurance, Real Estate

Financial Services, Insurance Carriers, Real Estate, Rental and Leasing services

Other niche clusters include:

- Athletic and Performance Apparel
- Augmented Reality / Virtual Reality
- Gaming

Value Proposition to Global Investors

Historically, Metro Vancouver's value proposition to investors was based on the following four pillars; while they continue to be relevant, they need to be re-examined given the changing landscape post-COVID

Access to Talent

- Highly educated and diverse workforce
- A net attractor of talent from other provinces and countries
- Home to world-renowned educational institutions
- Favourable immigration policies

Access to Market

- Located at a strategic "T" - connecting Asian and North American markets and part of Cascadia Corridor
- USMCA, CETA and CPTPP agreements offer access to North American, European and Asian markets

Quality of Life

- One of the most livable, healthy and safe cities in North America
- Young, diverse and progressive population
- Vibrant scene of arts and culture and top-rated food destination

Cost of Doing Business

- Stable business climate, financial and legal institutions
- Relatively low effective corporate tax rate
- Relatively low labour costs, office space costs and utility costs

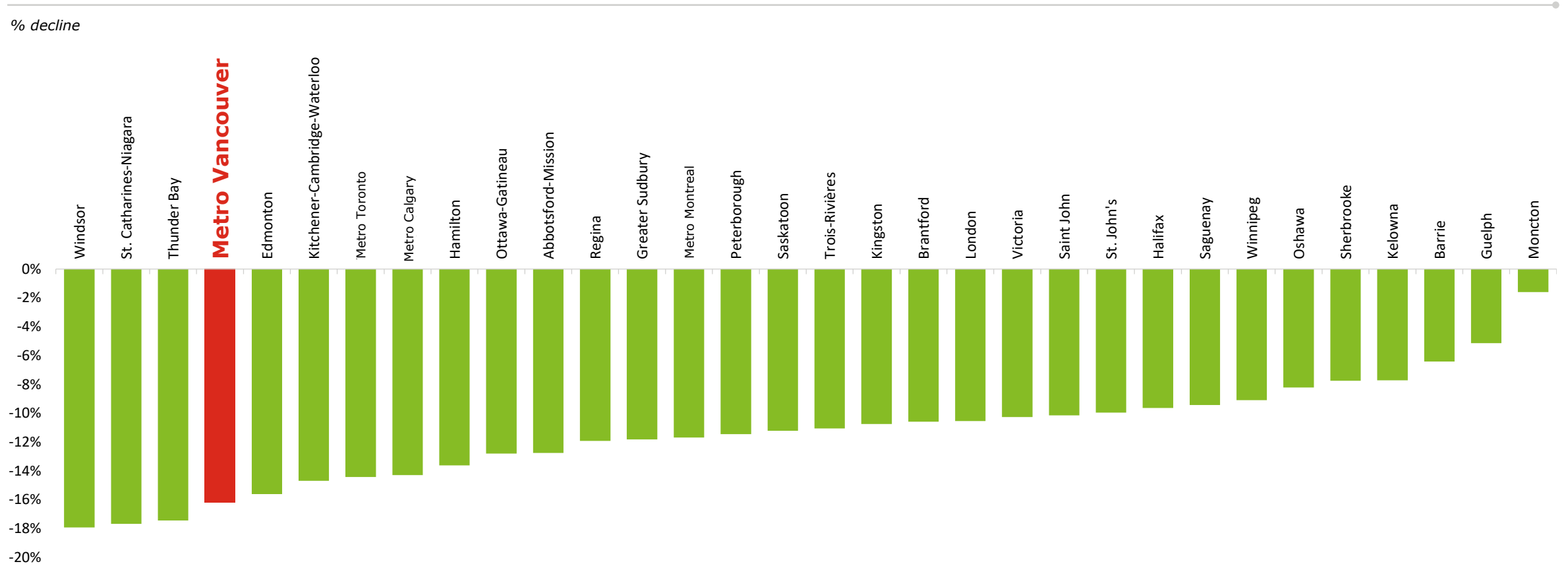
Perceived Weaknesses

- Small domestic market
- Poor housing affordability
- Land scarcity
- Low labour productivity
- Underinvestment in transit
- High marginal tax rate on investment
- Fewer HQs than peers

Economic Impact from COVID-19

Among Canadian Metropolitan Areas, the Metro Vancouver Region (MVR) has been one of the hardest hit given its service-intensive economy

Employment losses in the first six months of 2020



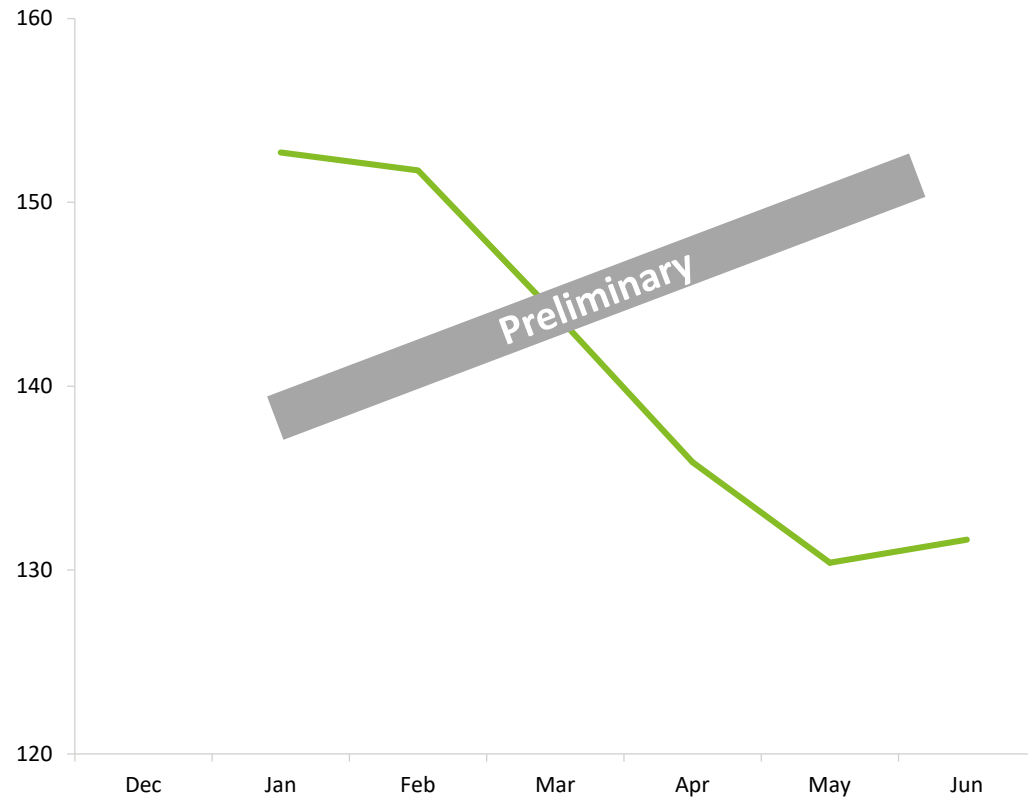
Source: Deloitte Calculations, Statistics Canada.

Economic Output and Employment Impact

Metro Vancouver's economic output and employment have both contracted significantly; while the unemployment rate is in line with that for Canada and BC, it was significantly lower than average pre-COVID

Metro Vancouver Monthly GDP
(Dec 19-Jun 20)

\$C billion, constant 2012 prices



Source: Deloitte Calculations, Statistics Canada.

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Unemployment rate
(Canada, BC, Metro Vancouver)

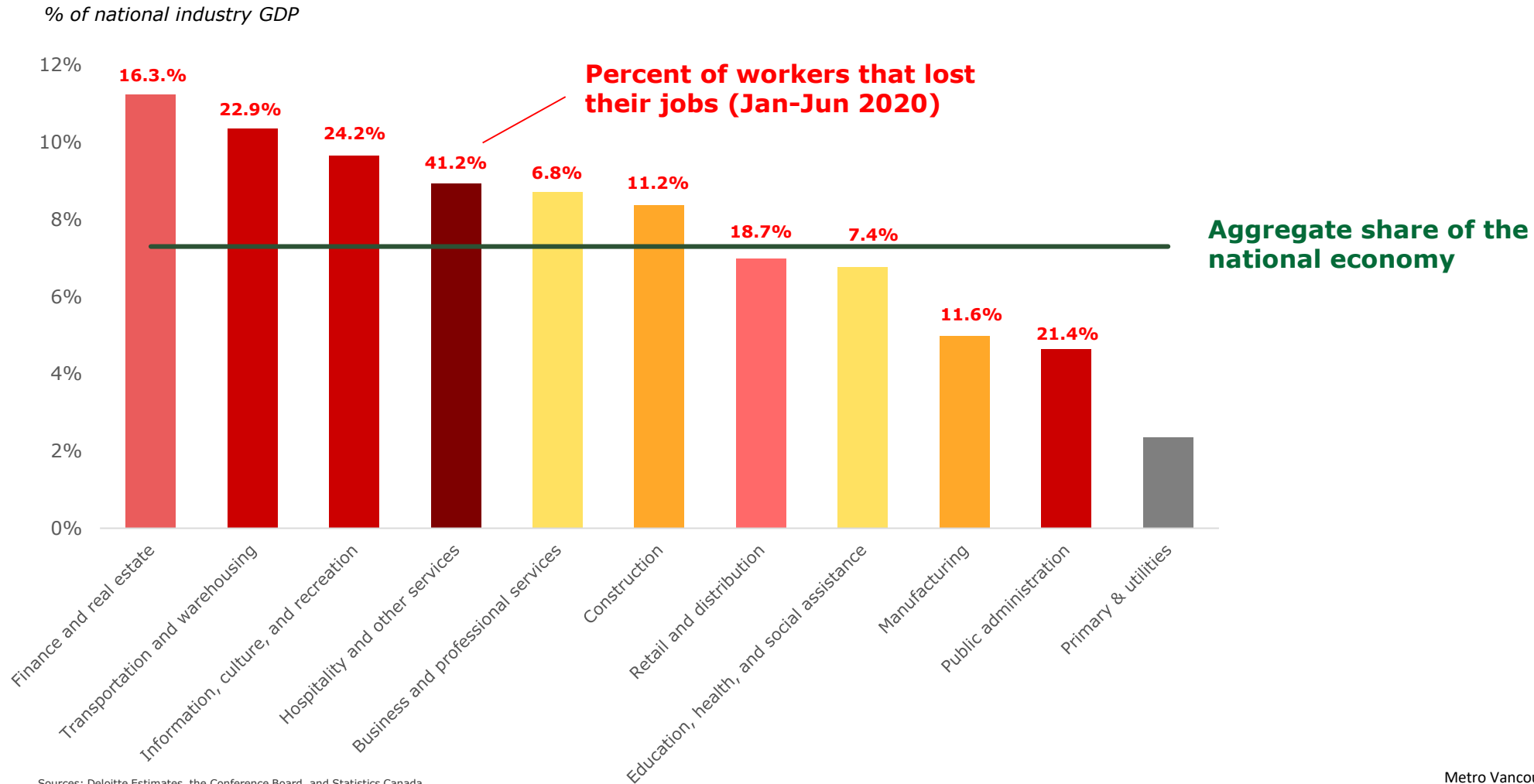
%, seasonally adjusted, 3 mma



Sectoral Impact

While the economic contraction has been broad, employment losses are concentrated in industries that are overrepresented in the Metro Vancouver economy

MVR employment losses in over-represented sectors



Economic Scenarios To Be Modeled

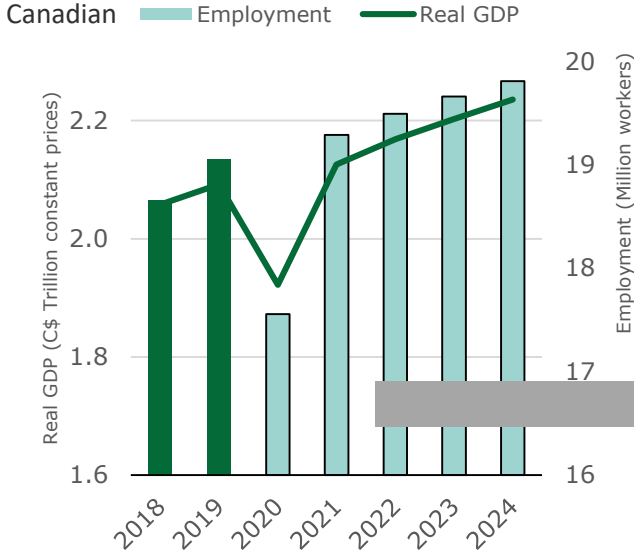
Three economic scenarios will be modeled, using different assumptions regarding the duration and severity of economic downturn in the global, Canadian, US and BC economies

Optimistic

Pessimistic

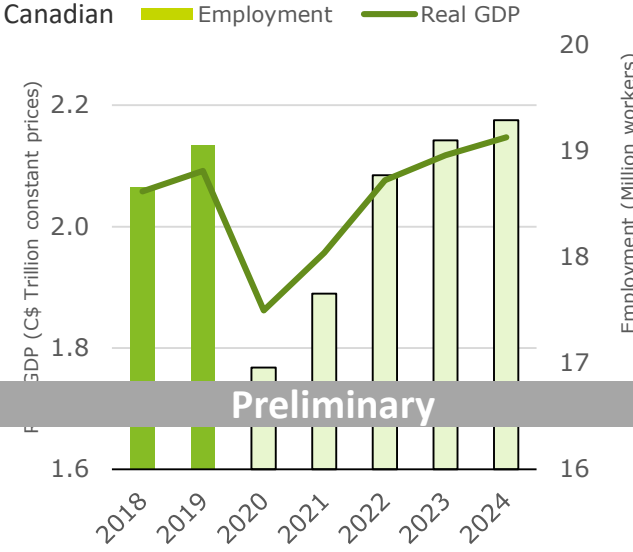
1 Steep but Short-lived Downturn

Virus containment is successful leading to a steep but short-lived economic decline



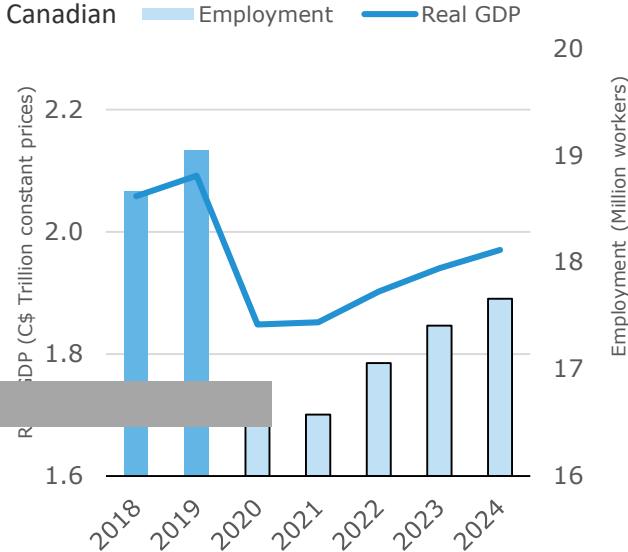
2 Prolonged Pandemic, Delayed Rebound

Virus resurgence in second half of 2020 leads to a delayed economic rebound and slower recovery



3 Economic Depression

Virus containment fails leading to a prolonged economic depression

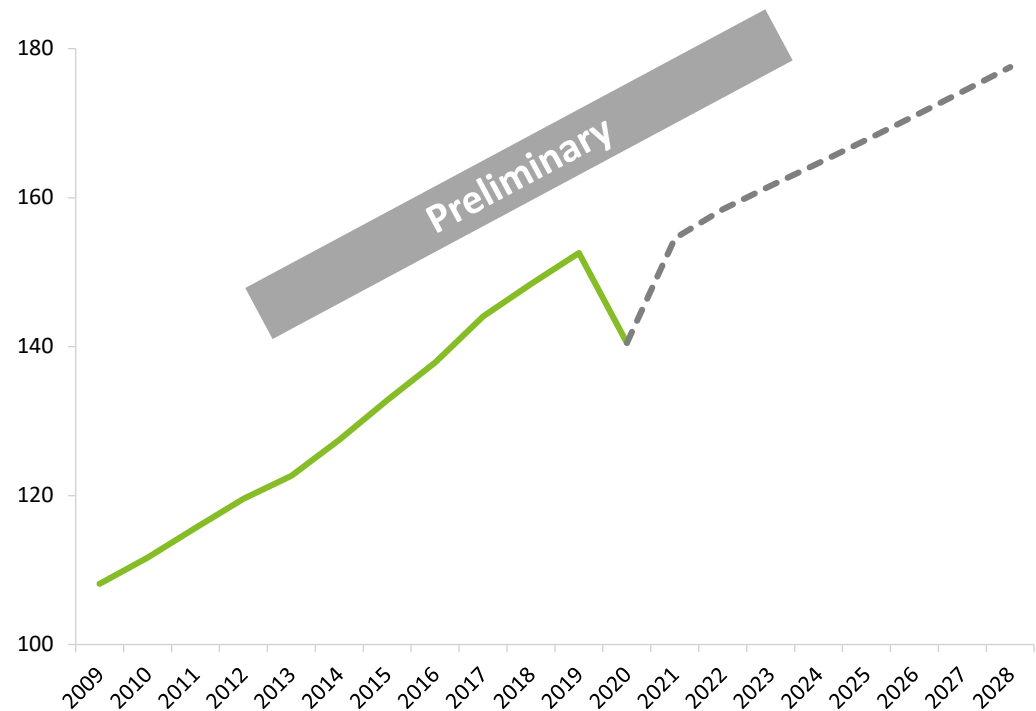


Preliminary Baseline Projection for MVR

In the preliminary baseline case, Metro Vancouver's economy rebounds in Q3 of 2020 and recovers in the second half of 2021; however many key sectors are not likely to recover in the next 2 years

MVR Real GDP (preliminary projection)

\$C billion, constant 2012 prices

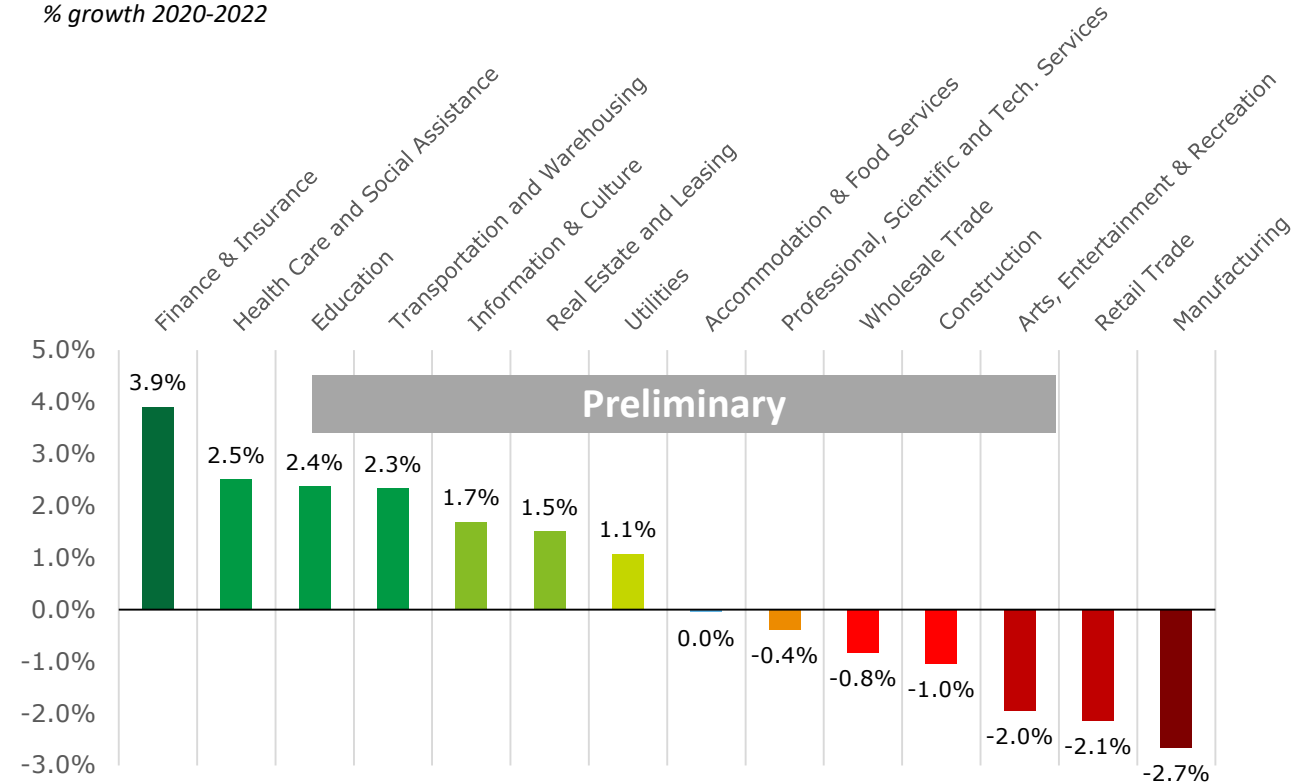


Sources: Deloitte Estimates, the Conference Board, and Statistics Canada.

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2-Year GDP growth for selected industries in Canada (2020-2022)

% growth 2020-2022



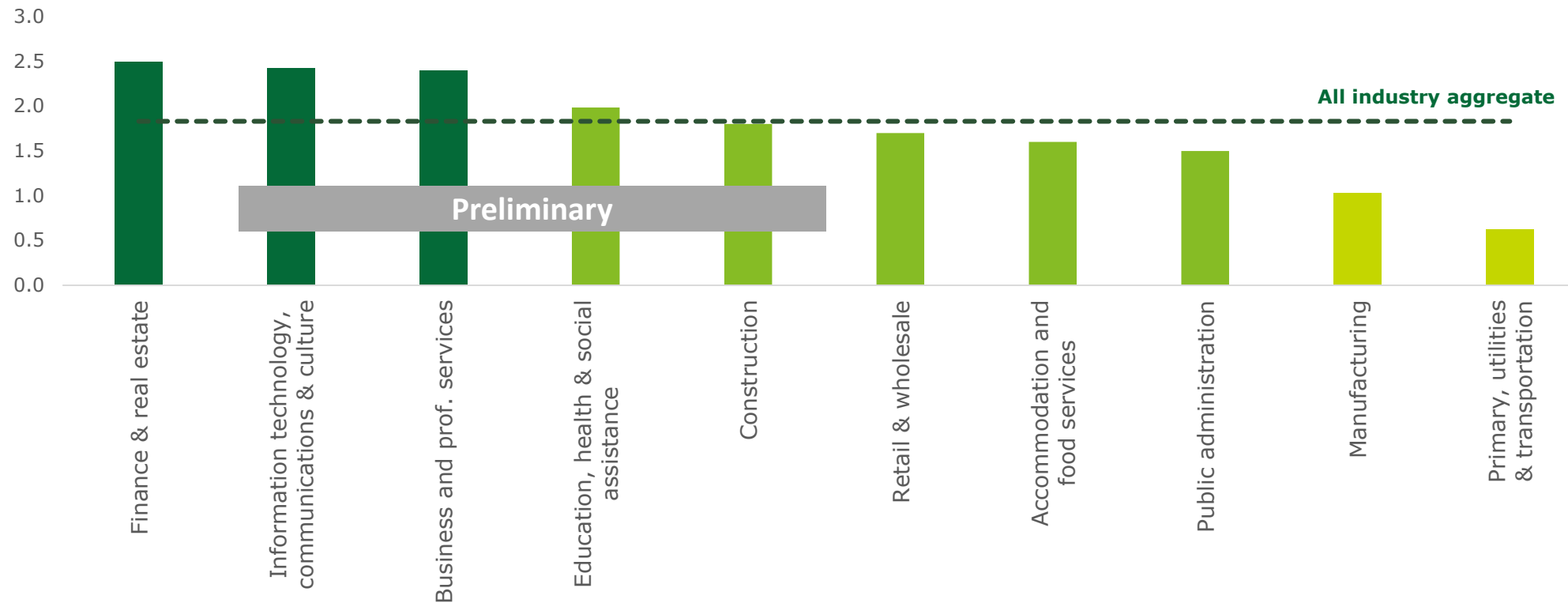
Source: Statistics Canada; Haver Analytics; and forecast by Deloitte (as of June 10th 2020).

Preliminary industry projection for MVR

In the preliminary baseline case, the finance, real estate, technology and professional services sectors are expected to drive growth over the next 5 years,

MVR Real GDP growth by industry 2020-2024 (preliminary projection)

Percent change, 2012 basic prices



Appendix



Vancouver Census Metropolitan Area

Our preliminary analysis of the MVR uses the Vancouver Census Metropolitan Area which is presented below





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