

BLOCK REPORT: GOVERNMENT STREET - DOWNTOWN VICTORIA, B.C.

This is one of a series of seven Block Reports conducted by Canadian Urban Institute, Vancouver City Savings credit union (Vancity), Vancity Community Investment Bank, as part of [Bring Back Main Street](#). Block Reports are hyper-local portraits of the impact of the pandemic that combine storytelling with data. This report was prepared during the week of July 6th based on conversations with Downtown Victoria Business Association (DVBA) and local business owners. It will be updated in September 2020 with new data.

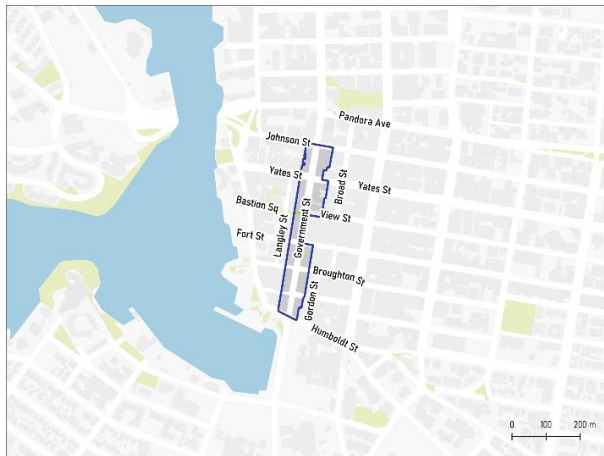


Photo credit: Google Street View

Summary

- Pre-COVID, this block of Government Street had a healthy mix of local retail and was a busy destination for daytime workers, tourists and locals. It includes 67 business, 61% of which are independently owned.
- During the COVID shutdown, many businesses on this block pivoted to online, curb-side pick-up, and new product offerings. The businesses with a strong local following and good social media presence fared the best.
- Revenues of tourism-focused retail businesses are down around 95%. Other businesses that relied on international tourists, such as the restaurants and high-end retailers, are also struggling.
- Many of the businesses on this block also relied on daytime office workers and government employees for their daily customers. If people continue to largely work from home during the next phases of recovery, many of the businesses on this block will continue to face unsustainably low revenues.
- The City of Victoria has recently opened part of Government Street to patios and pedestrians, providing an opportunity to support local businesses and animate the downtown safely and with physical distancing.

About This Block

Downtown Victoria serves as the city centre and the central business district for the City of Victoria and the Greater Victoria region. The downtown has a healthy and vibrant economy, that includes a mix of retail, accommodation, and food service businesses.

Government Street is perhaps the most recognizable street in Victoria. The historical architecture, tree-lined sidewalks, shops and restaurants typically attract both locals and visitors from around the world.

This block includes a combination of tourism-focused retail (think, t-shirts and maple syrup), as well as traditional retail. There are both chain stores such as the Running Room, Patagonia and independent retailers like the Kamboodles toy store and the well-loved Munro's books. A few restaurants and two pubs (Earls and Irish Times) draw both tourists and locals throughout the day. This block also includes one of the entrances to the main downtown mall, The Bay Centre.

Pre-COVID, Government Street was a popular lunch and shopping destination for day-time workers, working at nearby at government offices. It was also a main pedestrian route and destination for cruise ship passengers throughout the summer months. The nearby Summer Market was a big draw on weekends.



Photo credit: Downtown Victoria BIA

Block Profile																
Business Mix (as of June 29)																
Number of businesses 67	% independent businesses 61%	<table border="1"> <caption>Business Mix Data</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>General Retail</td> <td>54%</td> </tr> <tr> <td>General Service</td> <td>1%</td> </tr> <tr> <td>Food Retail</td> <td>7%</td> </tr> <tr> <td>Food Service</td> <td>18%</td> </tr> <tr> <td>Professional Service</td> <td>1%</td> </tr> <tr> <td>Other</td> <td>18%</td> </tr> </tbody> </table>	Category	Percentage	General Retail	54%	General Service	1%	Food Retail	7%	Food Service	18%	Professional Service	1%	Other	18%
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Food or general retail/services with online presence 49 of 54	% offering online ordering 78%	<table border="1"> <thead> <tr> <th>Temporary closures</th> <th>Recent permanent closures</th> <th>Permanent closures & vacancies</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>4</td> <td>4</td> </tr> </tbody> </table>	Temporary closures	Recent permanent closures	Permanent closures & vacancies	2	4	4								
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Occupancy Definitions: Temporarily closure: Business has signage that indicates it is temporarily closed and will re-open at a future date Recent permanent closure: Business has signage to indicate that it permanently closed or will be closing during the pandemic Vacant: Storefront looks to have been vacant prior to the pandemic																
Estimated number of visits to block in April 2019 222,812	Estimated change from April 2019 to April 2020 -78%	Estimated change from April 2020 to June 2020 +43%														
Estimated visits data provided by Environics Analytics MobileScapes, a privacy-compliant database that estimates population-level travel patterns based on location-enabled mobile devices.																
Socio-Economic Profile (2016 Census)	Within 800m of Block	City of Victoria														
Population	10,533	85,800														
Population growth	20%	7.2%														
Proportion 65 years and over	25%	21%														
Estimated median age	47.9	42.8														
Estimated household income	\$46,758	\$53,308														
Proportion immigrants	21%	20%														
Top 3 immigrant places of birth	United Kingdom China United States	United Kingdom United States Philippines														

Block Profile (continued)		
Real Estate Profile (as of June 14)	Downtown Victoria BIA	City of Victoria
Market rental rates (current vs. last 5 years)	Current: \$17.58 YoY Change: -0.8%	Current: \$17.92 YoY Change: -0.8%
24-month lease renewal rate	90.7%	91.6%
Market sale price per square foot	Current: \$414 YoY Change: +3.2%	Current: \$432 YoY Change: +3.3%

Provincial COVID Context

British Columbia has fared best among Canadian provinces, with 13.2% of Canada’s national population and only 2.1% of Canada’s national case count. Beginning March 18th, the provincial government declared a public health emergency and required non-essential businesses to shut down, while requiring the safe operation of a broad range of businesses designated as essential services. As of June 24th, B.C. moved into Phase 3 of the government’s Restart Plan, which allows a broader range of businesses to reopen, including hotels and resorts, and select entertainment venue, providing that they develop provincially mandated [COVID-19 Safe Plans](#). People can take part in ‘smart, safe and respectful’ travel within B.C.

Government Street During COVID-19

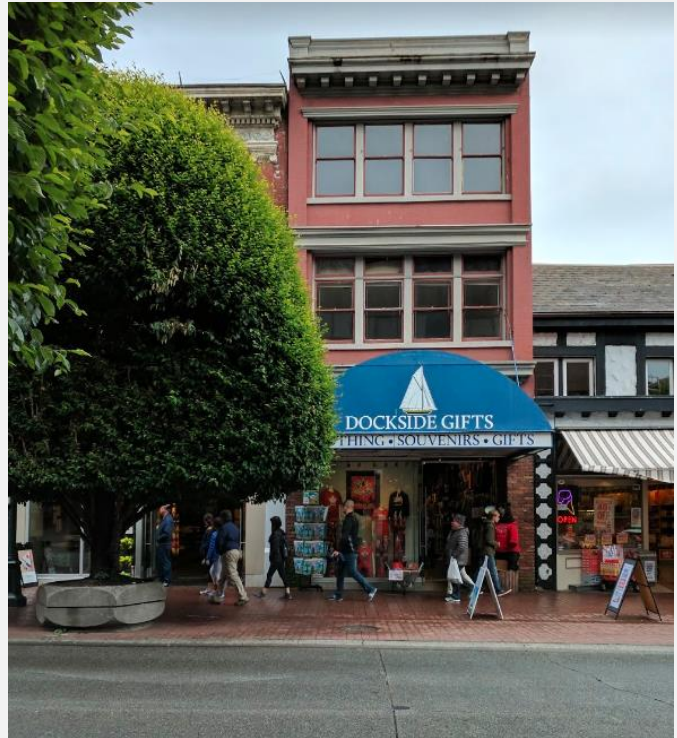
Key Impacts:

- Many businesses on Government Street had to temporarily or permanently lay-off employees during the lockdown. During the reopening, retail and food services businesses had a hard time bringing back former employees. Some of the reasons employees might not have been willing to return could be due to a combination of low interest in part-time work, satisfaction with CERB payments, childcare/eldercare/health issues, etc..
- Four of the businesses on this block have permanently closed since COVID, including: a general store, a clothing store, a law office, and a souvenir gift shop.
- Tourism businesses on this block have been hit the hardest. Many had built up their inventory of primarily tourist fare over the winter in preparation for “cruise ship season” but are now looking at almost no international tourists. Revenues have been down around 95%.
- There has not been a high uptake of the commercial rent subsidy program (CECRA). Tenants voiced trepidation about potential audits the cumbersome application process. Landlords on this block, expressed concerns about the risk if the tenant was later found to be ineligible. Landlords with multiple properties were also reluctant to have to complete multiple applications.
- With local office workers and government employees continuing to work from home, restaurants and other retail shops are experiencing decreased revenues. In April during the lockdown, visitation levels were down 78% from the previous year. While the number of visits to the area has increased (43% from April to June), foot traffic is still much lower than previous years.

Block Story: David Glowicki, Owner of Dockside Gifts

Dockside Gifts is a souvenir shop located on Government Street in Downtown Victoria. Over the past 20 years that David has been in business, his shop has benefited from the roughly 3 million tourists that visit Victoria each year. Many of the tourists that come into his shop in the summer months arrive via cruise ships, which dock in the nearby harbour.

In March, David and his team had been in the process of gearing up for the coming tourism season. Dockside Gifts is very seasonal, depending on revenues over the summer months to remain in business throughout the following year. Tourism has effectively come to a standstill and the effects have been devastating for businesses such as David's.



Dockside Gifts does not have an online presence, nor are they on social media. Because David had already invested in his inventory for the year, he didn't have the ability to easily pivot to new product offerings. He suggests that it is difficult for those businesses reliant on tourism to pivot or restructure.

With the closing of the US border and limited inter-provincial travel, Dockside Gifts has become entirely dependent on local clientele. David hopes that British Columbia will soon open travel and domestic tourism will pick up. However, even in the best-case scenario, his business will never be able to make up for the losses incurred over as a result of COVID.

While David has accessed available governments supports, he claims it is not enough for his business to survive. David also notes that the decision to extend CERB will have a negative impact on businesses as they try to recover. He is calling for the introduction of a government recovery package specifically geared towards Canada's tourism sector, which has faced unprecedented hardships during COVID.

Bright Spots:

- Businesses on this block such as the well-loved Munro's books that had a strong local following and good social media presence were able to keep a steady stream of revenues coming in.
- Many of the businesses on this block pivoted online, to curb-side pick-up and to other products people were looking for during the pandemic (like puzzles and "happy hour" take-out).
- A group of over 70 tech and marketing volunteers, under the banner [YYJLocalsForLocals](#), came together to offer pro-bono support for small businesses in Victoria. Many businesses on this block took advantage of this service.
- In early June, the City of Victoria temporarily closed a section of Government Street to traffic. They enabled conversion of on-street parking to patio and enlarged pedestrian areas, and created new parking zones for food trucks as part of restart efforts.
- Local landlords, from Victoria or the Vancouver region, were generally supportive of local businesses during the pandemic – with some deferring rent payments outside of the federal government program.

What's Next:

- DVBA suspects that once the government financial aid programs, like the wage subsidy (CEWS) end, there may be an impact in terms of what businesses can continue to operate.
- The City initiative to open Government Street to patios and pedestrians was initiated as a way to help local businesses get back in operation by providing more room to serve customers safely, but also an opportunity to animate the downtown.
- Four businesses have permanently closed. A second wave of the pandemic, with extensive lockdowns, would likely to result in further closures.
- DVBA is working to encourage large employers like the provincial government, to get back to work (with appropriate public health protections) in order to support downtown businesses.

Key Takeaways for Main Streets

- Main street businesses that relied on tourism pre-COVID will struggle with the major decrease in international tourism. Now that B.C. is in stage 3 of recovery (which allows travel within B.C.), an opportunity exists to support and promote local tourism.
- Continuing to support small businesses to build developing marketing and social media skills that allow them to connect to local customers, can help to ensure long-term resilience and success of main streets.
- Main streets like Government Street that rely on daytime workers to support local businesses are struggling. Work-from-home policies of big employers, including government will continue to impact local businesses and main streets.
- Governments will need to consider how response to the second wave will impact small and independent businesses. The impact will be greater as many businesses are still recovering and operating with reduced revenue.
- Local governments should consider prioritizing opening streets to patios and pedestrians as a way to help local businesses get back in operation. This could provide room to serve

customers safely, but also an opportunity to animate the downtown. This may not work for every main street and so careful study and engagement is recommended.

About Bring Back Main Street

The study is part of Bring Back Main Street (www.bringbackmainstreet.ca) - a nationally coordinated research and action campaign to ensure the people, business and organizations that call Canada's main streets home can recover and emerge from the crisis more resilient than ever. Bring Back Main Street is developed in the public interest by the [Canadian Urban Institute](http://www.cui.ca) with the support of partners from across the country.

About Vancity

Vancity is a values-based financial cooperative serving the needs of its more than 534,886 member-owners and their communities in the Coast Salish and Kwakwaka'wakw territories, with 59 branches in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay. Vancity is the funding partner for the Block Study.

About VCIB

Vancity Community Investment Bank (VCIB) is a subsidiary of Vancouver City Savings Credit Union (Vancity). As Canada's first and only values-driven bank, VCIB is committed to driving positive social and environmental change within the communities in which it operates.

About Downtown Victoria Business Association

Downtown Victoria Business Association (DVBA) is Victoria's voice and advocate for a vibrant and prosperous Downtown. Its mission is to make Downtown Victoria the destination of choice for Greater Victoria residents and visitors - for shopping, dining, entertainment, and other services.



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