

Indicators of New Economy Shifts and Impact on Local Government

The "New Economy" is defined as the transition from a manufacturing-based economy to a service-based economy. It is being driven by new technology and innovations (e.g., online commerce) and concomitant socio-economic trends. These indicators will be used to observe whether and how these shifts are happening, and whether there are impacts on local government revenues and expenditures

Key Findings - April 2024

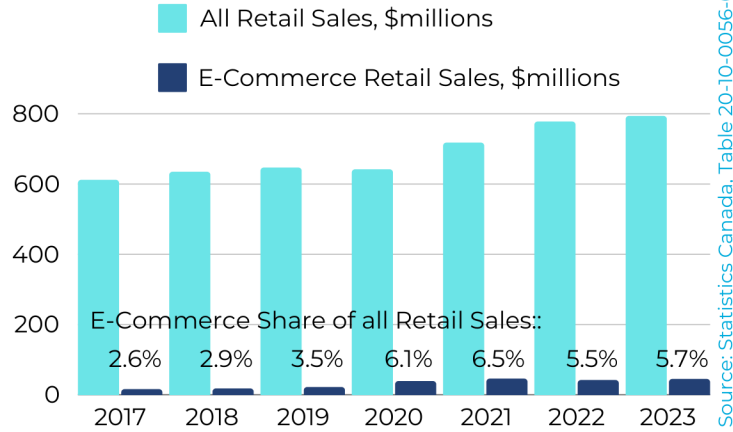
Significant shifts in the balance between residential and commercial or industrial property values are not yet showing in available data sets, although office vacancy rates are rising.

E-commerce and working-from-home indicators may be anticipatory of future softening in the retail and office sectors. There is a clear shift in these indicators since the pandemic.

Traditional resource-based industries are providing a lower share of economic support to local governments through property tax revenues.

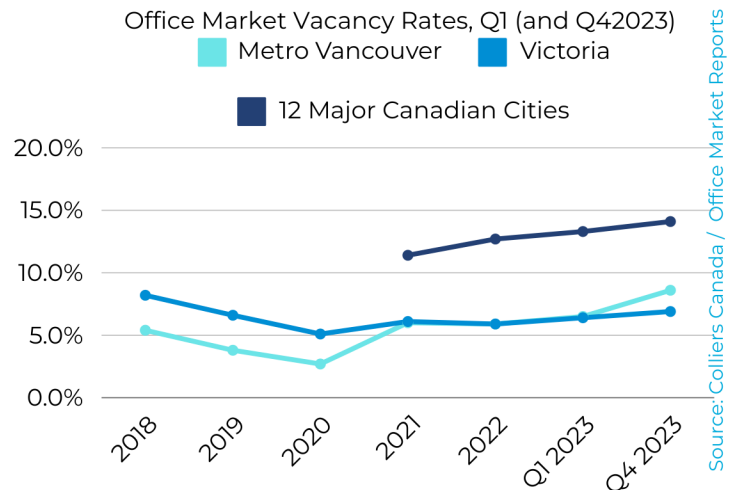
E-Commerce Sales as a Share of Retail Sales

E-commerce sales may drive a change in the demand for, and value of, commercial property, affecting property assessments and tax revenues.



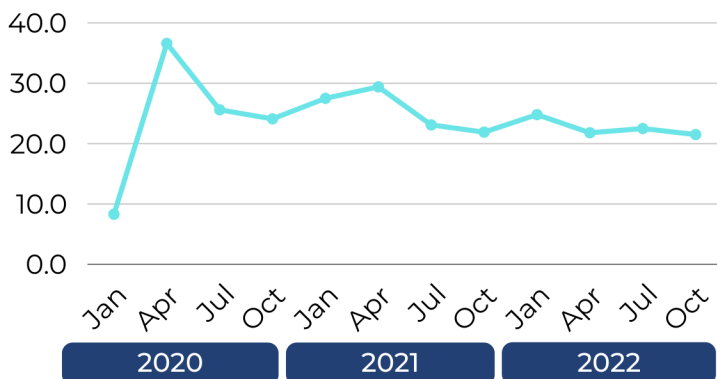
Vacant Office Space, Metro Vancouver and Victoria

Demand for office space affects the value of commercial property and the resulting tax revenue.



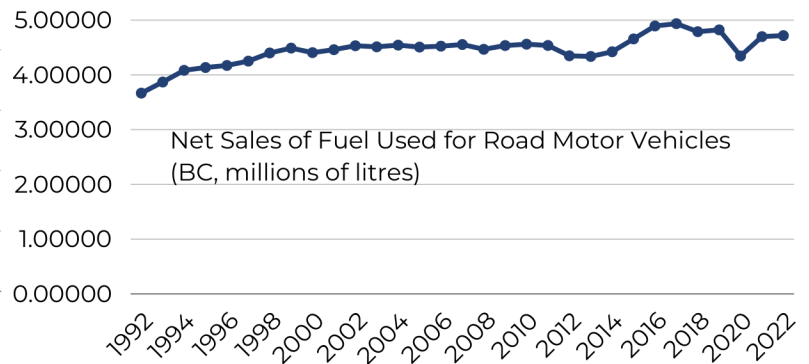
Working from Home: A Shift in Worksite Patterns

The percentage of British Columbians working most of their hours from home has tripled since before the pandemic. Remote working affects commercial property demand and shifts population distribution.



Motor Vehicle Fuel Sales: Limiting Fuel Tax Revenue?

Changes in fuel sales volume affects the fuel sales tax revenue that is available to local governments and TransLink to fund transportation infrastructure.

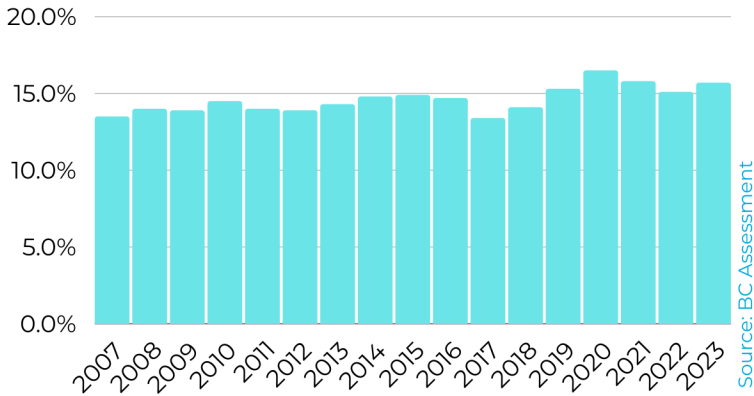


Measuring Local Government Impacts of New Economy Shifts

These indicators show how New Economy trends affect the property tax base and revenues. As property assessments may lag economic trends by a few years, the working group will monitor these data sets annually to watch for changes.

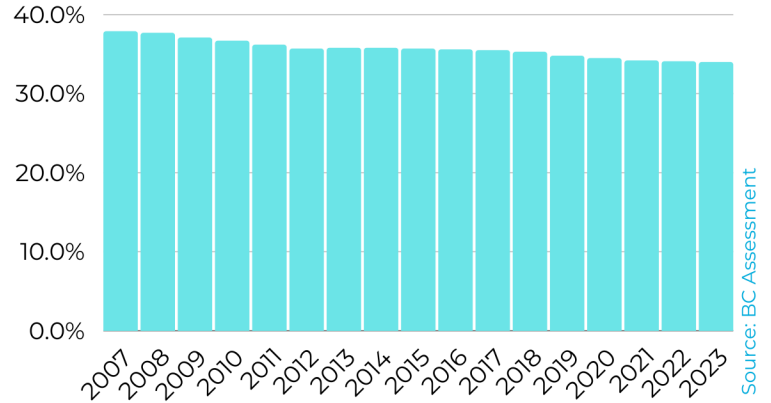
Business & Light Industry Assessment Values

Share of Class 5 & 6 from the total of Class 1, 5, & 6 values



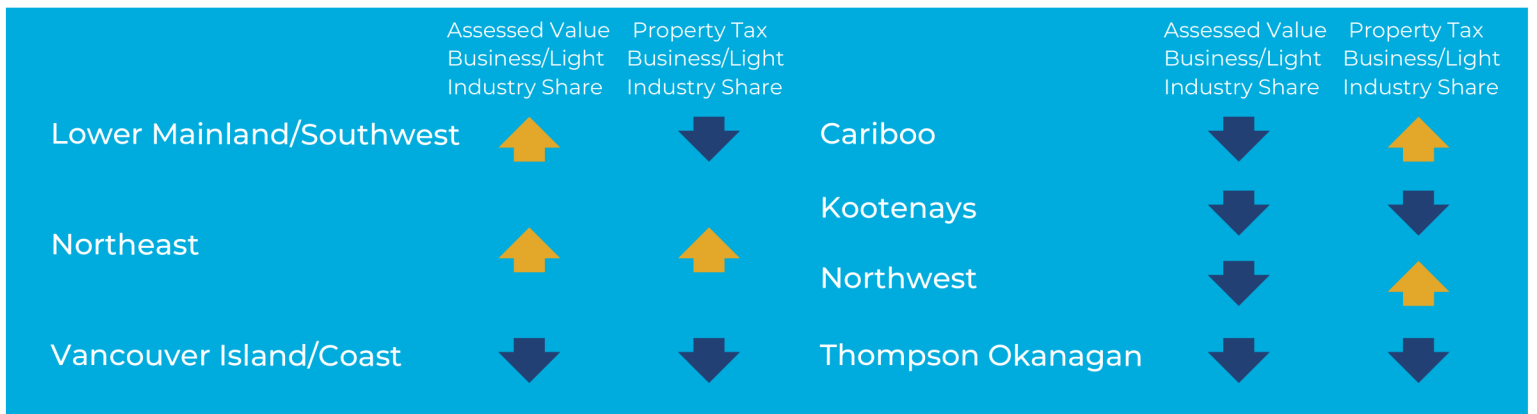
Property Tax Revenue from Business & Light Industry

Share of Class 5 & 6 from the total of Class 1, 5, & 6 revenues



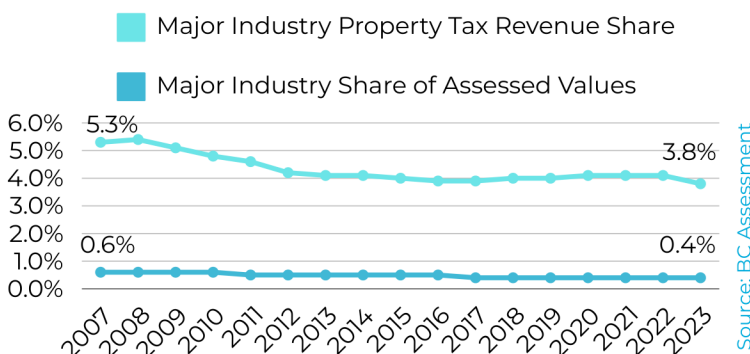
Assessed Value and Revenue Trends Vary Among Development Regions between 2007 and 2023

The significant weight of the Mainland/Southwest region skews the provincial totals. Most development regions saw a decline in business/light industry assessed values and variable changes in the share of property tax revenue from business/light industry vs. residential properties.



Major Industry Assessed Value and Property Tax

Major industry parcel total assessed values and property tax revenues have both declined since 2007, as a share of all property classes in B.C.



Changes in Major Industry from 2007 to 2023

