

To: Regional and Corporate Services Committee

Date: 2025-04-10

From: Riley Smith, Planner 1

Subject: 2025 Regional Economic Review and Related Initiatives

Reviewed by: Alison Stewart, Manager of Strategic Planning  
Stacey Barker, Director of Regional Services/Deputy CAO  
Jennifer Kinneman, Chief Administrative Officer

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### RECOMMENDATION

This report is being brought forward for the Board's information and there is no staff recommendation.

### BACKGROUND

The Fraser Valley Regional District (FVRD) faces a range of economic challenges, with population growth, affordability issues and a diminishing supply of suitable industrial land, driven in part by external pressures from neighbouring Metro Vancouver. These are further magnified by increasing economic uncertainty and the recent threat of U.S. tariffs. Developing a comprehensive understanding of the region's economic landscape is critical in enabling a more effective and informed approach to addressing these challenges.

In 2024, FVRD staff started the following work in an effort to better understand, monitor and support the region's current and future economy:

- Regional Economic Review
- Regional Commercial Real Estate Market Overview
- Regional Industrial Lands Inventory

This work aligns with the policies and implementation of the *Fraser Valley Future 2050* Regional Growth Strategy (RGS), relating to goal 2.0 Economic Strength and Resiliency, as well as the priorities outlined in the FVRD's 2023–2026 Strategic Plan.

These initiatives are designed to complement existing plans, policies, and reports by member municipalities by providing a regional perspective and identifying shared priorities and areas of regional concern.

## DISCUSSION

### Regional Economic Review (attached)

#### *Content:*

A high-level overview and analysis of the region's economic make-up and labour force trends, evaluating current characteristics, trends, opportunities, and challenges associated with the economy and employment in the FVRD. Similar to the RGS Monitoring Report, this review primarily utilizes Statistics Canada and B.C. Statistics data to assess and analyze specific economic indicators such as business counts or building permit values.

#### *Purpose:*

This Regional Economic Review provides a broad economic context, **characterizing the region's economic and labour force strengths, opportunities and continually shifting nature.** The Clean Economy Study prepared by the Delphi Group in 2018 confirmed that the Fraser Valley has a solid foundation and a set of underlying **strengths to grow the region's clean economy.** By examining data trends, identifying differences across sectors and subregions, and recognizing areas of competitive advantage, this report offers a clearer understanding of the regional economic landscape, serving as a useful tool to support the transition towards a clean economy.

**The region's employment lands are the foundation of economic activity, supporting businesses and jobs across a diverse range of industry sectors.** This review will also provide the necessary economic context to inform the subsequent reports in this series, allowing for an enhanced understanding of the trends highlighted in the Regional Commercial Real Estate Overview and for a more informed interpretation of the results of the Regional Industrial Lands Inventory. Moreover, this review provides the basis for discussions with provincial and federal ministries and agencies, business groups and others, pertaining to the importance and role of the region's economy within the Province of B.C.

#### *Estimated Completion:*

Completed April 2025

### Regional Commercial Real Estate Market Overview

#### *Content:*

A detailed analysis of commercial real estate transactions, assessing trends, market statistics and metrics related to volumes and prices across different commercial building and land types. Data on real estate transactions is provided by the Altus Group, while market statistics will be compiled from reports released by various commercial real estate services firms such as Colliers or CBRE. This overview focuses only on Abbotsford, Chilliwack and Mission, while making meaningful comparisons to Metro Vancouver, as data for other FVRD areas is not available.

### *Purpose:*

Commercial real estate markets in the Fraser Valley are closely tied to those in Metro Vancouver. In recent years, low vacancies and availability rates across the Lower Mainland have continued to put upwards pressure on the price of industrial, office, retail and agricultural properties. However, compared to Metro Vancouver, commercial real estate in the Fraser Valley remains significantly more affordable, driving increased demand and putting pressure on land supply as businesses seek more space at lower costs. An assessment of market activity throughout the Lower Mainland provides valuable insight and necessary context for understanding how the Fraser Valley stands in relation to Metro Vancouver as an evolving industrial and commercial hub.

### *Status:*

Analysis of commercial real estate transactions is mostly complete with updates in progress for transactions conducted in 2024. Next steps will involve incorporating these latest transactions as well as compiling relevant information from the latest available market reports.

### *Estimated Completion:*

Q2 2025

## Regional Industrial Lands Inventory

### *Content:*

A comprehensive inventory of industrial lands across the FVRD focused on a consistent, repeatable and informed methodology. Industrial land identified through local official community plan designations and zoning bylaws will be classified into land-use categories on a parcel-by-parcel basis, utilizing municipal and regional spatial data. Municipal staff will be engaged and consulted as the project moves forward to ensure industrial lands are being accurately inventoried and assessed within each respective municipality.

### *Purpose:*

Metro Vancouver anticipates that the last of their effective industrial land supply will be absorbed sometime between 2028 and 2035.<sup>1</sup> Moreover, even as vacant space remains, there are few large industrial sites available today or expected to be available in the future that can support larger distribution and manufacturing facilities. As a result, businesses are increasingly looking beyond Metro Vancouver for space, with the Fraser Valley being a viable and more affordable option.

However, available industrial land is also becoming increasingly scarce in the Fraser Valley. Preliminary assessments indicate that the supply of readily available **industrial land has decreased, as the region's industrial/business park locations are reaching build-out**. Additionally, the region faces unique

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<sup>1</sup> Metro Vancouver Regional Industrial Lands Strategy, June 2020: <https://bit.ly/4ktoOhm>

constraints, including a large proportion of land in the Agricultural Land Reserve, pressures from expanding urban cores and significant environmental and geographical barriers. These factors make it challenging to increase land supply.

Establishing an accurate inventory of industrial land is a critical first step in identifying the location, current supply, degree of utilization and extent of non-industrial uses. Developing a consistent and repeatable methodology will allow for continued monitoring of these lands and assessment of land use changes over time.

#### ***Status:***

The bulk of spatial data processing and parcel classification is complete with an initial set of results under review. FVRD staff will be reaching out to municipal staff shortly to discuss inventory progress **and ensure the inventory's objectives and methodology are aligned with and accurately reflect each municipality.**

**As part of this work, a set of models have been built using Esri's ArcGIS Pro software, streamlining the steps taken to process and analyze spatial data.** This semi-automatic workflow significantly reduces processing time and ensures that future inventories or updates follow the same consistent methodology leading to more accurate and comparable results over time.

**Furthermore, discussions have taken place between FVRD staff and staff from the Province of B.C.'s Ministry of Jobs, Economic Development and Innovation (JEDI), who have expressed interest in this inventory work.** Ongoing collaboration with JEDI may help advance both regional and provincial objectives regarding the protection and expansion of industrial lands.

#### ***Estimated Completion:***

Q4 2025

#### **COST**

The costs of the Regional Economic Review, Regional Commercial Real Estate Market Overview and Regional Industrial Lands Inventory are incorporated in the Regional Strategic Planning and Initiatives (601) budget.

#### **CONCLUSION**

**Together, these reports contribute to a deeper, more informed understanding of the FVRD's economic landscape.** The Regional Economic Review and Regional Commercial Real Estate Overview provide **valuable insights into the region's economy, labour force and market conditions, highlighting the emerging pressures on the region's industrial land base and directly informing the assessment of industrial land availability and utilization presented in the Regional Industrial Lands Inventory.**

The data, methods and insights established through this work will be key in guiding future economic development efforts and serving as a foundation for future initiatives, which could include an analysis of industrial brownfield sites, industrial activities occurring beyond designated and zoned lands, or a broader employment lands inventory and capacity analysis.

As businesses within and beyond the FVRD seek expansion and growth opportunities, securing sufficient industrial and employment lands will be critical to sustaining economic growth, maintaining affordability, and attracting further investment.

This work aligns regional efforts with objectives set by JEDI which include diversifying trade, protecting and expanding the industrial land base and supporting sector innovation and climate **action. These goals aim to further strengthen the FVRD's position as a critical** and growing economic hub, while supporting a more resilient economy in the face of increasing economic uncertainty.