

# 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 - March 2023

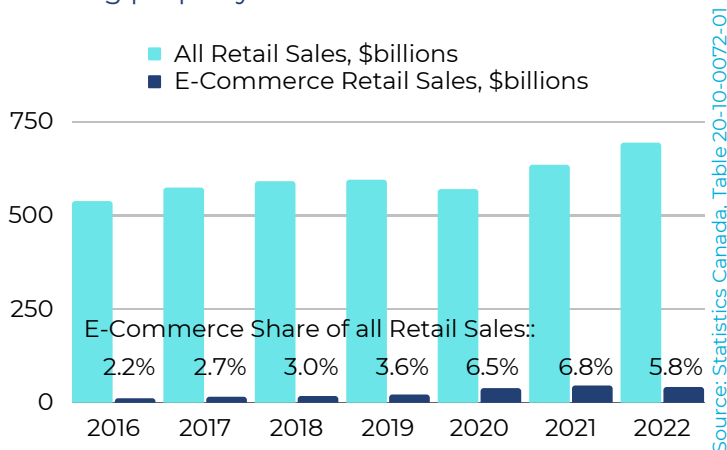
Potential shifts in the balance between residential and commercial or industrial property values are not yet showing in available data sets.

Strong economic performance in the province in the wake of pandemic recovery could also be masking the impact of New Economy shifts.

The impact of other economic shifts and global phenomena on local government finances are discernible: a gradual decline of traditional resource-based industries can be observed.

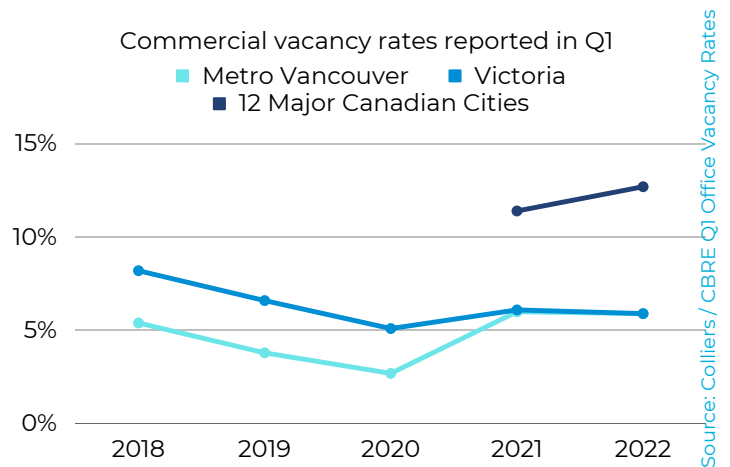
## E-Commerce Sales as a Share of Retail Sales

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



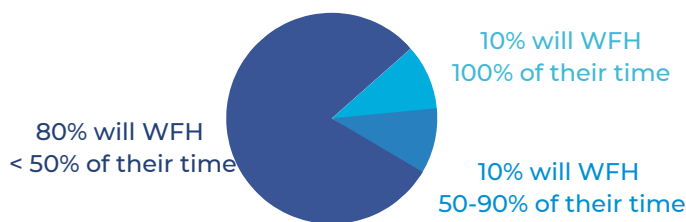
## Vacant Office Space, Metro Vancouver and Victoria

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



## Working from Home: A Shift in Worksite Patterns?

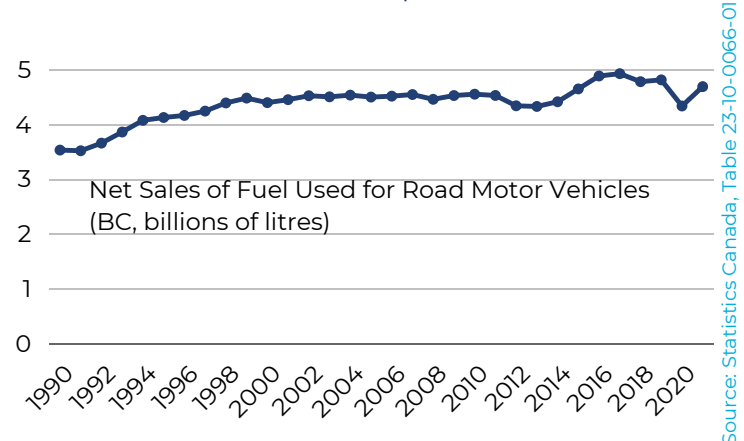
Statistics Canada surveyed workers in 2021 about their intentions regarding how much of their work hours would be spent working at home (WFH) in the future. Remote working affects commercial property demand and shifts population distribution.



Intentions to work from home vary by sector: administrative & professional sectors showed higher intentions to work from home more of the time, whereas the retail sector shows lower intentions. This is closely tied to the feasibility of working from home in various occupations.

## 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.

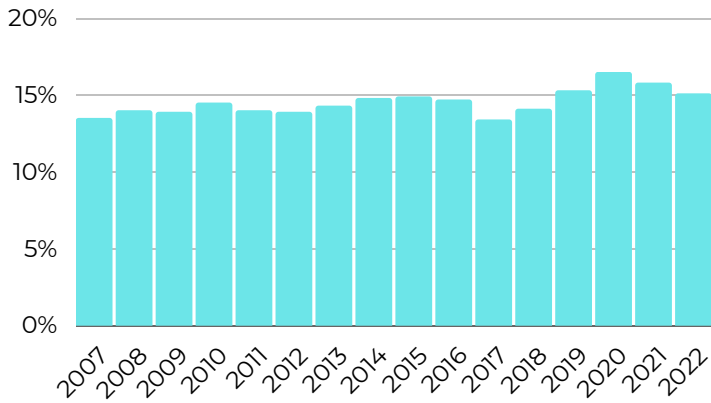


# Measuring Local Government Impacts of New Economy Shifts

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

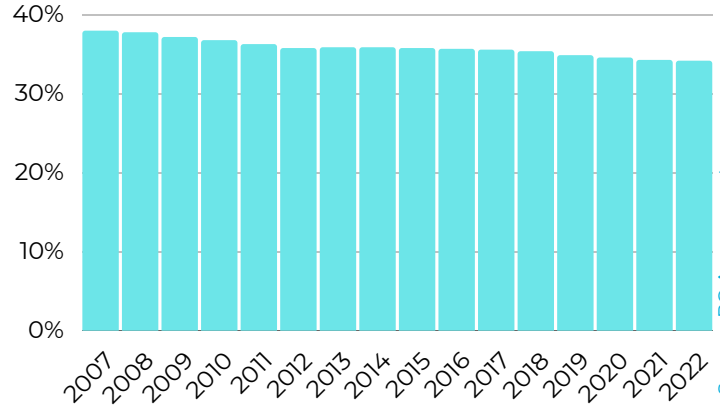
Share of Class 4 & 6 from the total of Class 1, 4, & 6 values



Source: BC Assessment

## Property Tax Revenue from Business & Light Industry

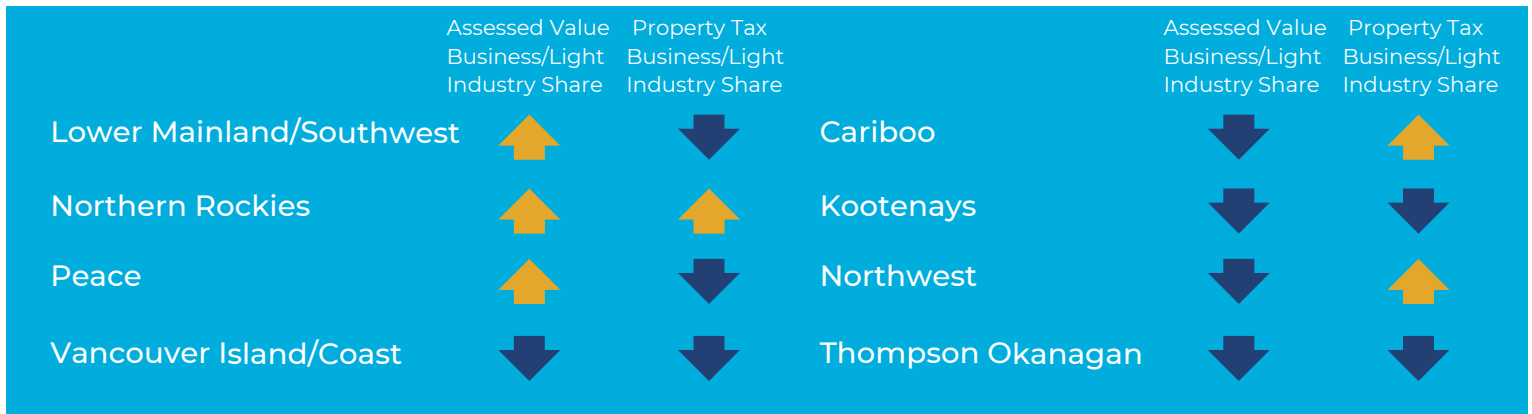
Share of Class 4 & 6 from the total of Class 1, 4, & 6 revenues



Source: BC Assessment

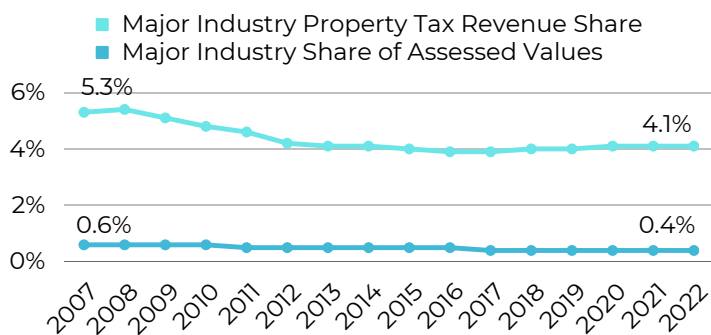
## Assessed Value and Revenue Trends Vary Among Development Regions between 2007 and 2022

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.



Source: BC Assessment

## Changes in Major Industry from 2007 to 2022

