
WHERE WILL ALL THE MILLENNIALS

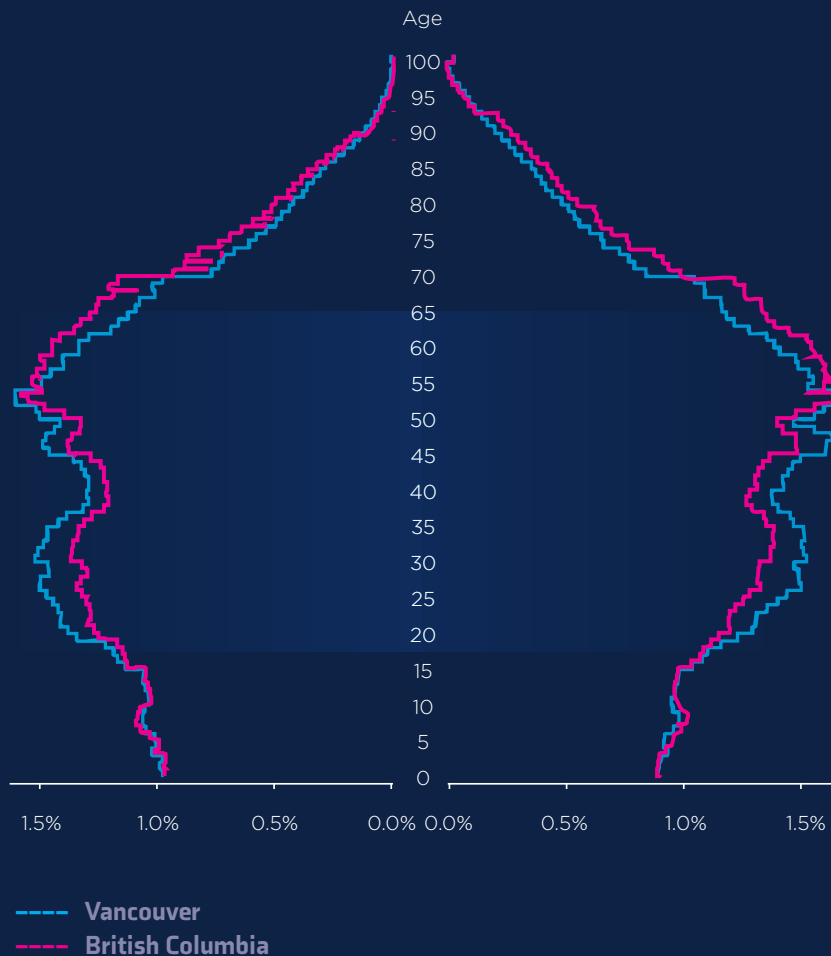
LIVES &

WORK

THE NEW VANCOUVER



Age Pyramid for Vancouver as of the 2016 Census¹



One of the major factors in determining what housing stock is needed is the demographic make-up of the city, and no demographic group has generated as much curiosity as millennials.

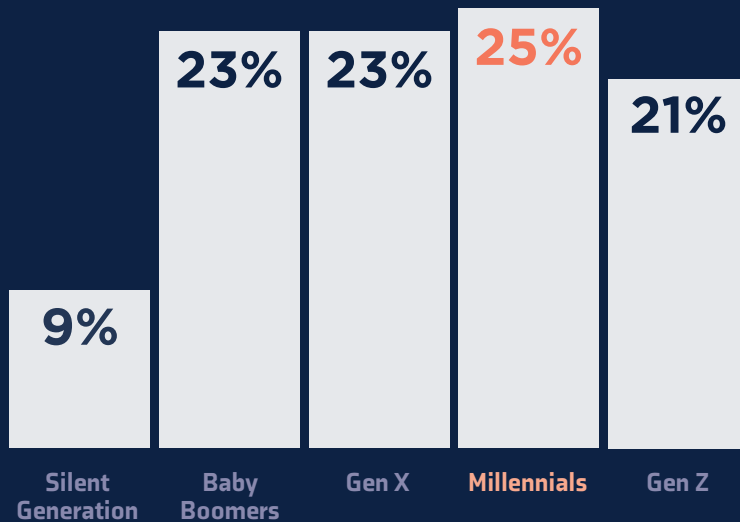
Millennials are generally considered as people born between 1980 and 1996, which makes the oldest millennials 40 years old while the youngest are 23. Given the 16-year age spread, it is almost impossible to define “what millennials want”; some are recent university graduates looking for their first job, and some are mid-career professionals with young children. Housing needs and preferences vary considerably amongst them, and there is no single answer that will provide urban planners or developers with a single template from which to work. Yet the most recent census data shows Vancouver’s demographic spread is about equal between Baby Boomers, Gen X, Millennials, with Gen Z - who are predicted to make up 20% of the workforce by 2020² - close behind. The one thing most of us have in common is that we’re all in the labour market. The real stress test for Metro Vancouver is where everyone is going to live and work.

While Millennials and Gen Z are the driving force behind four major shifts in workforce trends - including a growing emphasis on self-development, remote working, freelance roles and future-proofing strategies - all employees, regardless of age, will feel the effects of a changing workplace.

1. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/pyramid/pyramid.cfm?geo1=59&geo2=933&year=2016&type=2>
2. <https://finance.yahoo.com/news/gen-z-heading-workforce-why-172238908.html>; <https://www.cnbc.com/2019/03/05/how-millennials-and-gen-z-are-reshaping-the-future-of-the-workforce.html>
3. <https://biv.com/article/2019/09/reasons-be-optimistic-about-vancouver-rental-market-rbc>
4. <https://www.straight.com/news/1071531/bc-has-highest-proportion-renters-canada-spending-over-50-percent-income-housing>
5. https://www.rentboard.ca/rentals/rental_rates.aspx?locid=904

Generations as % of Total Vancouver Population

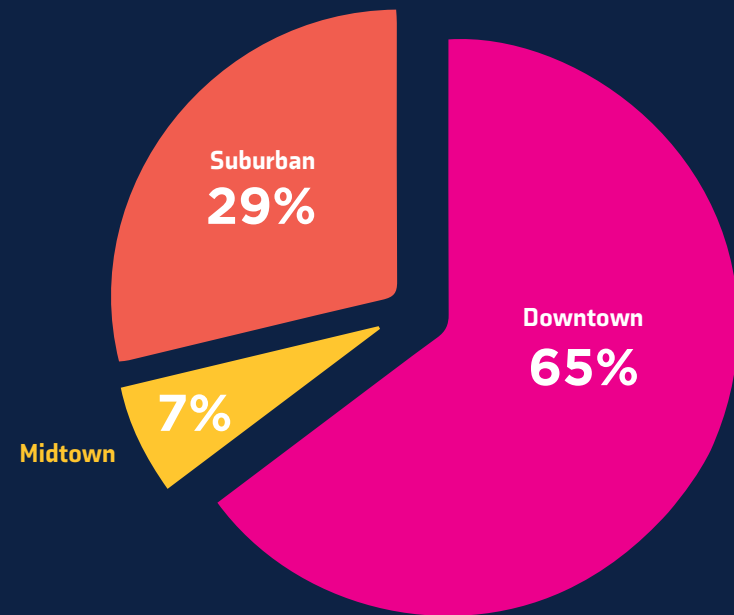
based on 2016 census



The Royal Bank of Canada recently calculated that if Vancouver is to achieve a balanced rental market of 3% vacancy, at least 40% of new condos (or equivalent units) would have to enter the market as rental suites; the current rental vacancy rate is below 1%.³ More alarming is the CMHC study from last year which found that 43% of people in Metro Vancouver spend more than the recommended 30% of their income on housing, and 22% in Vancouver spend more than 50%, which is

considered a "crisis level of spending, putting individuals and families at risk of homelessness".⁴ Given the low vacancy rate and high rents in Metro Vancouver, many employees are being pushed to the suburbs. That comes with its own expenses and challenges, particularly given the recent specter of transit strikes that would have stranded many commuters.

Metro Vancouver New Office Stock



Average Housing Rents Across Lower Mainland⁵

| | Vancouver | Surrey | Richmond | Burnaby | North Vancouver | New Westminister | Coquitlam |
|-----------|-----------|---------|----------|---------|-----------------|------------------|-----------|
| Studio | \$1,875 | \$1,330 | \$1,275 | \$1,315 | \$1,500 | \$1,460 | \$1,440 |
| 1 Bedroom | \$2,300 | \$1,320 | \$1,580 | \$1,765 | \$2,100 | \$1,540 | \$2,050 |

With little supply of rental/purchase downtown, and a projected 8,000 Amazon employees to work downtown, where will people live?

With a vacancy rate under 1% for the last few years, rents in Metro Vancouver have continued to rise while very little rental stock has been added to the market. Technology companies dominate the demand for office space, and it can be easy to assume all those employees are making six-figure salaries and will have no problem finding a place even in Vancouver's tough housing market. But not all tech company salaries are created equal; there's a large discrepancy between the wages of administration staff and the software engineers. Given the average of the sample salaries below (collected from Glassdoor.ca's Amazon employee-reported salaries⁶), the average employee will be paid approximately \$6,500 a month before taxes, giving them \$1,950 to spend on rent. What this ultimately means is that few of the employees will be able to afford rent on an average 1-bedroom apartment within the City of Vancouver unless they're hired at the high end of the pay scale.



Amazon Salaries at a Glance

| | | Gross Annual Income | Gross Monthly Income | Affordable Rent (as 30% of monthly income) |
|------------------------------------|--------|---------------------|----------------------|---|
| Software Development Engineer | Low | \$74,000 | \$6,167 | \$1,875 |
| | Median | \$99,500 | \$8,292 | \$2,487 |
| | High | \$149,000 | \$12,417 | \$3,725 |
| Software Engineer | Low | \$83,000 | \$6,917 | \$2,075 |
| | Median | \$104,900 | \$8,742 | \$2,622 |
| | High | \$141,000 | \$11,750 | \$3,525 |
| Operations Manager | Low | \$83,000 | \$6,917 | \$2,075 |
| | Median | \$114,000 | \$9,500 | \$2,850 |
| | High | \$131,000 | \$10,917 | \$3,275 |
| Area Manager | Low | \$65,000 | \$5,417 | \$1,625 |
| | Median | \$68,300 | \$5,692 | \$1,707 |
| | High | \$78,000 | \$6,500 | \$1,950 |
| Human Resources Assistant | Low | \$50,000 | \$4,167 | \$1,250 |
| | Median | \$52,000 | \$4,333 | \$1,300 |
| | High | \$54,000 | \$4,500 | \$1,350 |
| Data Analyst | Low | \$42,000 | \$3,575 | \$1,072 |
| | Median | \$43,875 | \$3,656 | \$1,096 |
| | High | \$44,850 | \$3,738 | \$1,121 |
| Shift Manager, Distribution Centre | Low | \$38,000 | \$3,167 | \$950 |
| | Median | \$45,000 | \$3,750 | \$1,125 |
| | High | \$75,000 | \$6,250 | \$1,875 |



Where will people work?

Office costs as a percentage of a business' overall costs are typically between 3-6%, whereas salaries are 60-80% which means in this labour climate, talent attraction and retention will drive office location decisions. Yet 65% of new office construction is in the downtown core, and only 29% in the suburbs. There isn't an easy answer, given that the downtown core remains a transit hub and has the advantage of attracting employees from all over Metro Vancouver.

Solutions to the live/work balance will be unique to each company, but will likely lie in finding some flexibility between where their employees can afford to live and meeting them halfway.

Talent attraction
and retention
will drive
office location
decisions.



LIVE

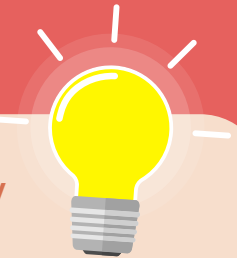
- The oldest millennials are 40, many are married with children, and would prefer a house with a backyard to a downtown condo
- Little supply of housing for rent or purchase downtown
- Lower rents in the suburbs can be negated by time & transit costs if you work downtown; a 2 or 3 zone transit pass each month, or car insurance, gas, and parking all adds up.

LIVE VS WORK

WORK

- 8,000 projected Amazon employees to work downtown
- If the past is any prediction of the future, larger companies will continue to occupy space downtown
- Downtown core is a transit hub and accessible for the majority of commuters

SOLUTIONS / OPTIONS



- Branch offices in the suburbs
- Telecommuting
- Flex office space
- By 2028, 73% of all teams are expected to have remote workers⁵

5. https://www.rentboard.ca/rentals/rental_rates.aspx?locid=904



COLIN SCARLETT

About the author: Colin Scarlett

For over 23 years, I've specialized in finding real estate solutions for business challenges, with a focus on technology and professional services firms. I use an exclusive methodology to truly understand my clients' businesses and industries, giving them unique insights into their operations and positively impacting business drivers, including productivity, culture, engagement, retention/attraction, brand and operational efficiency. Not only that, I do it on the very best financial terms.

I've traveled to 20 cities around the world to research the future of office space, and to study workplace design trends that increase employee engagement. I speak regularly at conferences about my findings, and contribute to reports and white papers.

I am one of five people on Colliers' National Advisory Board which advises Colliers' Canadian CEO on key national business issues, am a regular faculty member at Colliers University in the Netherlands where I teach Colliers' leading professionals from around the world and have been awarded the Business In Vancouver Top Forty under 40 Award.

Learn more at colinscarlett.com





Where Will All The Millennials Live & Work: The New Vancouver



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