

STRATEGIC DEVELOPMENT AND ENGAGEMENT RESULTS REPORT

SEPTEMBER 2019



**CENTRAL
OKANAGAN**
ECONOMIC
DEVELOPMENT
COMMISSION



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1. Executive Summary

The Regional District of Central Okanagan’s (RDCO) Economic Development Commission (COEDC), is a undertakes business development initiatives to support a thriving business environment and an investment ready region. Moving Forward to 2025 provides a roadmap for building on past success, effectively leveraging the region’s strengths, and encouraging a strong and sustainable regional economy for the future. The Strategic Pillars support the COEDC’s overarching vision for the region as well as the desired outcomes of the strategic planning process.

The Moving Forward to 2025 strategy was developed recognizing the extensive work and communication efforts of the COEDC. The Strategy reflects on a variety of reports including the RDCO Regional Board Strategic Priorities 2019-2022 and the 2017 Five-year RDCO Regional Growth Strategy Priority Projects Plan. As successful regional economic development is highly collaborative, the Strategy has been informed by engagement with businesses and community leaders in the development of the strategic goals for the Region.

The process for developing Moving Forward to 2025 included a review of local and regional government priorities plans and research that have a direct bearing on implementation efforts resulting in the Economic Base Analysis. The Strategy also included significant industry and community consultation not limited to workshops, one-on-one interviews, and online and telephone surveys resulting in the Strategic Development and Engagement Results Report. These two technical reports provided the foundational assessments and socio-economic base analysis to identify opportunities for growth and development in the region informing the vision for 2020-2025 and strategic pillars.

The four Strategic Pillars are:

Strategic Pillars	Directional Statements
Growing Sustainably	We use economic development best practices to support an economy that works for the people, businesses and environment of the Central Okanagan. We work to advance the Regional Growth Strategy priorities through partnership and collaboration.
Competing Globally	We communicate the Central Okanagan’s profile as an innovative future-focused economy through targeted investment attraction initiatives and assisting businesses with specialized service and expertise.
Inviting Top Talent	We support business growth and position the Central Okanagan as a talent-rich region by communicating the Region’s career and lifestyle opportunities, equipping employers with resources and facilitating the connection between industry and post-secondary.
Building Business	We leverage proven strategies to attract, retain and build business. We have a continual improvement partnership-driven mindset and use digital innovations and new ideas to maximize impact.

The Strategic Pillars support existing goals and ensure the Strategy reflects current conditions as well as provide flexibility if new priorities/actions are required.



The COEDC will implement Moving Forward to 2025 with innovative action items that operationalize the Strategic Pillars within Sectors in Focus. The following table provides the foundation of what is then operationalized every year within three programming areas: Business Retention & Enhancement, Investment Attraction and facilitating Coordination and Connection. Each action detailed in annual COEDC Operational plans include well defined objectives, rationale, tactics and measurements, all of which are monitored and reported on a quarterly basis.

Growing Sustainably	Competing Globally	Inviting Top Talent	Building Business
<p>Action 1: Support implementation of Regional Growth Strategy priority projects</p> <p>Action 2: Engage in and provide industry intelligence to Regional Planning Labs</p> <p>Action 3: Provide Regional Stakeholders with economic data to support informed decision making</p> <p>Action 4: Share best practices of applied sustainable growth and align with federal/provincial support initiatives</p>	<p>Action 1: Facilitate a regional approach to investment readiness</p> <p>Action 2: Development of lead handling protocols</p> <p>Action 3: Increase the awareness of the Region’s value proposition</p> <p>Action 4: Leverage the Region’s investment efforts to align with federally/provincially identified target sectors and priority markets</p>	<p>Action 1: Collaborate with industry and regional partners to support talent development, attraction, and retention</p> <p>Action 2: Collect and share labour market intelligence</p> <p>Action 3: Facilitate industry and post-secondary connectivity</p> <p>Action 4: Showcase career and professional development success stories across all industries</p>	<p>Action 1: Create and connect businesses to resources, tools, support programming and market information</p> <p>Action 2: Partner with Region’s business service providers to address needs and opportunities of businesses</p> <p>Action 3: Create assets that showcase successful regional companies and the ecosystem that supports them (i.e. post-secondary institutions, centres of excellence, etc.)</p> <p>Action 4: Gather industry intelligence through direct connections with the Region’s businesses</p>
<p>Increased knowledge of industry intelligence, statistics and trends to inform decision making for the future</p>	<p>Increased Regional capacity to attract investment through creation of tools and resources</p>	<p>Increased capacity of employers to retain, develop, and attract top talent</p>	<p>Increased capacity of regional business and business service providers to foster growth</p>



2. Introduction

Moving Forward to 2025 proposes a five-year strategic plan that incorporates the broader vision of the Region and its continued growth and prosperity. The priorities, objectives, and actions in Moving Forward to 2025 provide a compelling path forward to support the sustainable growth of the region's economy, promote investment readiness, and attract and develop workforce opportunities for residents.

Moving Forward to 2025 reflects on a variety of background materials including the RDCO Regional Board Strategic Priorities 2019-2022 and the five-year 2017 RDCO Regional Growth Strategy Priority Projects Plan. Moving Forward to 2025 has also been informed by past and current COEDC initiatives.

The process of developing Moving Forward to 2025 has included a review of new and updated regional government plans and studies that have a direct bearing on the implementation of Moving Forward to 2025. Moving Forward to 2025 also reflects the input of business and community stakeholders. The key findings from the completed Economic Base Analysis and PEST/SOARR Assessment, undertaken to further define The Region's value proposition and investment readiness have also been incorporated.

PEST/SOARR Assessment and Engagement Results

The PEST / SOARR Assessment and Engagement Results identifies the strengths, opportunities, aspiration, risks and results along with the political, economic, social and technological factors influencing the economic outcomes in the Regional District of Central Okanagan. This understanding serves as the foundation for defining value propositions, articulating a long-term vision for the Central Okanagan's economy, and ultimately identifying the strategic objectives and priorities for Regional District of Central Okanagan's Economic Development Commission's Economic Development Strategy for 2020-2025.

Informing the PEST/SOARR Assessment and Engagement Results Report is the comprehensive analysis of the local and broader regional and provincial economy included in the Economic Base Analysis. The Economic Base Analysis details the Central Okanagan's recent economic performance and includes a review of relevant background studies, an economic base analysis and economic forecasting, and analysis of broader market trends impact on the local economy.

Additionally the Strategic Development and Engagement Results Report provides a thematic recap of the extensive consultations and research that informs factors considered in the of the PEST (Political, Environmental, Social and Technological) and SOARR (Strengths, Opportunities, Aspirations, Risks and Results) results. The PEST and SOARR Assessments incorporate the Economic Base Analysis in combination with a comprehensive consultation process. Community and stakeholder consultations included telephone and online surveys with the business community, business and stakeholder interviews, and workshop discussions with Regional Economic Development Staff, COEDC staff and the COEDC Advisory Council exploring perceptions of the local business environment and opportunities for long term sustainable economic growth.



2.1 About the PEST /SOARR Assessment and Engagement Results Report

Section I – Background Report Summary

- Key themes that emerged from the document review and including labour force, employment, and business trends
- Competitiveness, Trends and Regional Value Proposition for the RDCO
- FDI Opportunities Matrix focused on identified key sectors

Section II – Engagement Process

- Description of the engagement process and results of the Business Survey, Advanced Reconnaissance Interviews and workshops with COEDC staff and COEDC Advisory Council.

Section III – PEST/SOARR Assessment Results

- Description of the PEST and SOARR processes and the results of the assessment

Section VI - Strategic Development

- Description of the strategic pillars and directions for the project

How to use the PEST/SOARR:

This is a technical document providing a foundational overview of the various stakeholder engagement activities conducted as part of the Strategic Plan 2020-2025 development process. Additionally, the report presents data from Statistics Canada, BC Statistics, and municipal partners describing key aspects of the economy of the Central Okanagan Region.



3. Economic Base Analysis Summary

3.1 Key Themes Emerging from Document Review

A comprehensive background review was conducted of existing strategies, plans, policy documents, and research studies, including but not limited to those cited in the Appendix, related to the Regional District of the Central Okanagan and the member communities. The documents were analyzed comparatively to reveal areas of thematic overlap then used to inform the strategic vision and component reports.

In the analysis, several key themes were identified based on the frequency they occurred in the documents, the associated relative importance towards the overall success of the Regional District of the Central Okanagan and their potential to provide a competitive advantage to the Region through targeted action. Below provides a brief overview of the key theme areas that emerged in the Economic Base Analysis:

Challenges:

- **Youth Retention**—Central Okanagan has a strong network of educational institutions and entrepreneurial community that must be retained. The Youthful Cities Urban Work Index ranked Kelowna 14th out of 21 urban areas for youth aged 15-29 to work.
- **Ageing Demographics:** Retirees leaving the workforce, lack of succession plans and pressure on health and services sectors.
- **Attracting and Retaining Workers:** Ensure attraction and talent development programming aligns with business needs.

Opportunities:

- **Labour Market Information**— For businesses to continue to grow, especially in the tech-enabled sector, accurate labour market information must be generated and shared so that labour demand is met with appropriately trained supply.
- **Land/Policy Planning** – Protection of the Agricultural Land Reserve (ALR) and innovative planning of the areas where urban growth abuts agricultural areas combined with a regional land planning framework that ensure adequate employment lands.
- **Regional Awareness** – Central Okanagan has a vibrant entrepreneurial, tech and aerospace sectors that are not widely known outside the community.

Comparatively the activities of the Central Okanagan Economic Development Commission (COEDC) are focused in these areas:

1. Business Development

The COEDC business retention and enhancement initiatives are currently focused on:

- Advanced Manufacturing, Aerospace, Emerging Industries and Growth Stage Businesses;
- Agriculture, including significant sub-sectors in Viticulture & Craft Beverages, Specialty Crop Development including organic and speciality food products, Intensification and Value Add



Agriculture and Agri-Tourism. Business Planning and Support – Assisting current businesses and entrepreneurs with barriers to entry, including business planning, financial and regulatory support.

- Succession Planning – providing succession planning tools/toolbox for business so that they can pass on operations to the next generation or make available for sale.

2. Investment Attraction

The COEDC Investment attraction activities currently include:

- Marketing and Promotion – supporting businesses in storytelling local success stories, and communicating the Central Okanagan Value Proposition through resource development for investment attraction
- Information Sharing – Ensuring current resources are widely available across the region and development of a central hub of information.

3. Workforce Development

The COEDC workforce development activities currently include:

- Marketing and Promotion – supporting businesses in storytelling local career path and employment culture success stories, and communicating the Central Okanagan Value Proposition through resource development for talent attraction
- Information Sharing – Ensuring current resources are widely available across the region and development of a central hub of information.
- Connector and Okanagan Young Professional Programming – tailored programming support for new and young workers to retain talent in the region.

3.2 Current Economic Context

The Regional District of Central Okanagan (RDCO) is part of a rapidly growing provincial economy with strengths in agriculture and agri-food, advanced manufacturing, aerospace, digital animation and ICT, and creative sectors. Economic trends show that the region is projected to grow in both population and employment. Additionally, the City of Kelowna ranked 7th in the Youthful Cities Urban Work Index for entrepreneurship in the 15-29 aged cohort and 14th overall. Supporting this rapid growth are recent infrastructure investments, co-working spaces, post-secondary and industry partnerships, and business start-up and business accelerator supports.

The Creative Sector: All self-employed individuals, profit, non-profit and public enterprises including incorporated and unincorporated businesses that produce, create, distribute and/or conserve cultural and artistic goods and services.¹

The following section provides high-level insights into advancing economic growth in the region. A complete analysis of Central Okanagan's economic performance as it relates to the development of the

¹ Kelowna Creative Sector Economic Impact Assessment, City of Kelowna, 2019.



strategy can be found in the Background Report.

3.2.1 Population Growth and Related Trends

As per the *BC Stats, Population Estimates*, the Central Okanagan's population of 208,864 residents made up 4% of British Columbia's population in 2018. The City of Kelowna accounts for 65.4% of the region's population followed by the City of West Kelowna (16.8%), District of Lake Country (6.6%), Westbank First Nation (4.6%), District of Peachland (2.8%), the Electoral Districts of East (2%) and West (1%) and Okanagan Indian Band (0.9%).

The Central Okanagan has experienced significant population growth over a short period. From 2011 to 2018, the region's population grew by 14% (25,210 people), outpacing growth rate in Metro Vancouver of 12%. It is anticipated that this trend of growth will continue as the population is projected to reach 281,000 people by 2031, driven primarily by population growth induced employment growth and the immigration of those aged 25-34 representing the younger end of the working-age population.

However, the population of the Central Okanagan is ageing as *the Statistics Canada, 2016 Census of Population* identifies that the median age in the region increased from 43.4 years in 2006 to 45.5 years in 2016. Further, in 2016, individuals aged 50 years and above represented 44% of the population while young adults between the ages of 25-39 years accounted for only 18% of the total population.

Infrastructure, natural assets, business supports, and position as the largest trading centre between Vancouver and Calgary², make the Central Okanagan a premier location for residents and business. The region has a comparatively higher income profile³, indicating opportunities for reinvestment in the community.

As per the *Q1 2019 Central Okanagan Economic Indicators*, the value of residential building permits grew by 12% from \$768,882,000 in 2017 to \$860,679,000 in 2018 as development, and housing market demand increased to meet growing population needs. Historically the region's housing stock was comprised of low-density units, while recent trends demonstrate a drive towards high-density and diversified housing options entering the market.

3.2.2 Employment Growth and Workforce Patterns

As per *Statistics Canada, CANSIM 282-0128 and CANSIM 282-0001*, Kelowna CMA (Central Okanagan) showed a higher labour participation rate and a lower unemployment rate of 4.1% compared to the Province at 4.7% as of March 2019, suggesting that the labour market is tight in Central Okanagan as people are either employed or actively looking for jobs.

As per the *Statistics Canada, 2016 Census of Population*, the Region's labour force by industry grew by approximately 8% from 94,570 in 2011 to 102,295 in 2016. In 2016, the service sector accounted for 80% of Central Okanagan's labour force with the majority centred in health care and social assistance and retail trade, each accounting for 13% of the total labour force.

² 2018 Central Okanagan Economic Profile

³ Central Okanagan showed a median household income of \$71,127 compared to \$69,995 in the Province in 2015. Data obtained from Statistics Canada, 2016 Census of Population. The reference period is the calendar year 2015 for all income variables.



Sectors that showed the largest net growth in the labour force include accommodation and food services, health care and social assistance and construction.

When developing growth strategies for the region, it is important that consideration is given to those sectors and jobs that are susceptible to automation. While technological advancements have helped drive innovation and raised the need for highly skilled talent, it has also reduced the need for many routine tasks across the economy.

Seeing net growth in accommodation and food services, health care and social assistance sectors and with a higher concentration of labour force in the construction sector⁴ when compared to the province the region could experience disruption as the accommodation and food services and the construction sectors are amongst the top sectors that are classified as highly susceptible to automation⁵. Like provincial trends, occupations that accommodate most the region's labour force are in sales and services, namely, retail salespersons, food and beverage counter attendants and servers, kitchen helpers and cashiers. These routine work activities are found to be most at risk of automation.

In contrast, managerial work and professional expertise are seen to be relatively resistant to automation. Analyzing the skill level of Central Okanagan's labour force, it can be said that the region has a lower proportion of professionals at 15% compared to Greater Vancouver at 20% and the province at 17%. Furthermore, as reported by the *Statistics Canada, 2016 Census of Population*, the region has shown relatively limited labour force growth in educational services and professional, scientific and technical services and a decline in the labour force in its information and cultural industries. These sectors are identified to be the least susceptible to automation⁶.

Long term provincial trends project that technology-based sectors, including green technologies, digital media, life sciences and health care, innovative practices in traditional industries, and retail sales, will drive the economy⁷.

The Central Okanagan's employment projections align with provincial trends, with the largest gains projected to occur in health care and social assistance, followed by accommodation and food services, retail trade, educational services, professional, scientific and technical services, finance and insurance, and construction.

The trends discussed above have several implications for the economic development strategy. Growing populations and sectors will create increased demand for services and the workforce. These pressures will be felt at both ends of the skills spectrum, with the highest wages, growth and opportunities available for highly skilled and highly mobile talent who will need to be attracted, and lower-skilled service occupations that will need to be able to afford to live in the region. The regional challenge will be

⁴ LQ of 1.51

⁵ Automation Across the Nation. Brookfield Institute, 2017.

⁶ ibid

⁷ British Columbia Labour Market Outlook: 2018 Edition.



to facilitate the alignment of skills development and business requirements, proactively attract a skilled workforce, and support sustainable inclusive growth.

3.2.3 Workforce Commuting Patterns

As per the *2016 Statistics Canada, Commuting Flow from Geography of Residence to Geography of Work for the Employed Labour Force*, the Central Okanagan experiences an outflow of 6,380 residents to employment in communities external to the Region.

Commuting Patterns – The commuting flow from the geography of residence to the geography of work for the employed labour force aged 15 years and over having a usual place of work.

The greatest export of residents occurs in the mining, quarrying, and oil and gas extraction sector, followed by construction, and health care and social assistance to a lesser degree. Given the region's proximity and access to Vancouver, Calgary, and Edmonton, many of these workers have likely capitalized on the growth of the oil and gas sector and the demand for construction workers associated with a strong housing sector and major capital construction projects evident in each of these communities. It is inferred from the designation of the Central Okanagan as a net export of labour that workers choose to live in the Central Okanagan because of the quality of life it affords, regardless of where they may choose to work.

The *2016 Statistics Canada, Commuting Flow from Geography of Residence to Geography of Work for the Employed Labour Force* data also shows that the Central Okanagan's workforce is highly self-contained as residents account for most of the workforce; approximately 76,090 people live and work in Central Okanagan. Most residents are employed in retail trade, health care and social assistance, and accommodation and food services sectors.

In terms of workforce attraction, the Central Okanagan imports approximately 4,020 people from outside communities to work in its sectors. Retail trade, health care and social assistance, and accommodation and food services are the top three sectors attracting the greatest number of people from outside the region. Comparatively, sectors that are focused on skilled talent including professional, scientific and technical services and information and cultural industries attract talent to a lesser degree. Considering the resident workforce, Central Okanagan has a healthy proportion of residents who work in the professional, scientific and technical services. This indicates that the sector can support skilled talent including financial auditors and accountants, information systems analysts, computer programmers and interactive media developers. As such, opportunities exist for increased workforce attraction from outside the region, to ensure continued infrastructure growth and business development in this sector.

Talent Attraction – Strategies and campaigns at the regional and employer levels to attract and retain talent based on the promotion of factors that attract skilled workers to locate to the Region.

Talent attraction is an important consideration for the region as projections indicate the in-migration of young adults between the ages of 25-39 years as central to continued employment growth.

Like national and provincial trends⁸, it is expected as the current baby boomer labour force retires, they will be replaced by young people attracted to the region due to the availability of the boomer-vacated

⁸ British Columbia Labour Market Outlook: 2018 Edition.



positions. The in-migration of youth will, in turn, create the need for more community based (population serving) jobs. As those jobs, too, are filled by new migrants, the population of Central Okanagan will grow even more. Due to the high quality of life in the region and access to health care facilities, it is likely baby boomers (55-75) will retire in place. These ageing residents will require increased health services, investment advisors, and other services and amenities that will drive employment growth.

Recent trends are promising as the in-migration of youth is currently underway. The mobility status of Central Okanagan's labour force as per the *Statistics Canada, 2016 Census of Population*, shows that approximately 50% of its workforce moved to the region within the last five years. Of these, approximately 17% were between the ages of 15 to 24 years, while 31% were from 25 to 34 years.

3.2.4 Industry Performance

As per the 2018 Canadian Business Counts, approximately 26,768 businesses were registered in Central Okanagan. Of these, 69% were sole proprietorships (often home-based businesses) compared to 16% of businesses employing between 1 to 4 employees and 6% employing between 5 to 9 employees. Central Okanagan also supports a wide range of larger business establishments, with approximately 121 businesses employing at least 100 employees. *and* calculations provided by *metroeconomics* based on *Statistics Canada* data identified that employers in Central Okanagan provided 409 jobs for every 1,000 residents in 2016, which is close to the province-wide average of 421.

Industry sectors with the highest numbers of sole proprietorships include real estate and rental and leasing, construction, professional, scientific and technical services, and finance and insurance. The top industry sectors for businesses with employees in 2018 were construction, retail trade, professional, scientific and technical services, and health care and social assistance.

It is important to note the small number of medium and large-scale firms in a region's economy. Small firms are generally the major source of new products and ideas, while mid-size and large businesses are typically more export-oriented and generate higher operating surpluses. A healthy mix of small, medium and large firms ensures that a community can capitalize on innovation and entrepreneurship opportunities and at the same time, serve to attract and grow new business investment.

3.3 Competitiveness, Trends and Regional Value Proposition

Informing the competitiveness and trend analysis is the assessment of the local and broader regional and provincial economy detailed in the Economic Base Analysis. The report describes Central Okanagan's recent economic performance and includes a review of relevant background studies, an economic base analysis and economic forecasting, and analysis of the impact of broader market trends on the local economy. Building on the Economic Base Analysis a PEST/SOARR assessment and the engagement results identify the strengths, opportunities, aspiration, risks and results along with the political, economic, social and technological factors influencing the economic outcomes in the Regional District of Central Okanagan. This understanding provides the foundation for defining value propositions and articulating a long-term vision for the Central Okanagan's economy.



3.3.1 Enablers and Inhibitors

The availability of essential assets are required for industry competitiveness and support opportunity identification for investment and growth. The economic success of the Region is impacted enablers and inhibitors. Enablers represent opportunities for leveraging assets and supporting growth, inhibitors represent risks and weaknesses in the region to be mitigated through policy. These factors identified as part of the competitive advantage analysis, are the decision-making factors that guide growth and innovations within the Region as a whole. The following is an overview of some of these factors:

Enablers

- **Regional Collaboration** – The collaborative regional approach to economic development to support economic growth across the region is a recognized best practice model. The continued buy-in and support of the municipalities and staff in the region enables the COEDC to successfully implement and provide programming.
- **Entrepreneurial Culture** – As of 2018 most businesses in the region are sole-proprietorships (69% of total businesses). The City of Kelowna was named the most entrepreneurial city in Canada by the Financial Post and the best city in B.C. to open a small business by the Canadian Federation of Independent Business in 2018.
- **Strong Demographic Indicators** – The region has experienced over 8% population growth since 2015 and is projected to grow an additional 13% to approximately 236,411 people by 2028. Household income of residents has also increased, leading to greater purchasing power and potential for reinvestment in the community.
- **The Educational Institutions and Research Facilities** – The access to educational institutions and research support fosters the incubation and commercialization of ideas in response to industry needs. The Region’s two public post-secondary Institutions University of British Columbia’s Okanagan Campus and Okanagan College generate significant economic impact by attracting research and development dollars and expertise while hosting over 16,000 students. This number is growing annually and expected to exceed 18,000 students on UBCO’s campuses alone by 2040.
- **Natural Assets and Quality of Place** – The region is a community of choice in Canada with significant projected population growth which supports workforce attraction.
- **Micro-climates** – The region has several microclimates that support a wide range of crop production and staggered harvest timelines.
- **International Connectivity Via Air Transportation** – Kelowna International Airport (YLW) offers more than 60 daily non-stop commercial flights, had over 2 million passengers in 2018, up 9.8% from 2017, and is the 10th busiest airport in Canada.
- **Access and Proximity to Markets** – The region continues to benefit from its position as the largest trading centre between the two largest cities in Western Canada—Vancouver and Calgary. Central Okanagan is well-served by numerous highway systems, including Highway 97, Trans-Canada Highway and Highways 3.
- **Canadian Dollar** – The value of the Canadian dollar relative to the US dollar is giving producers and processors a key advantage in domestic and export markets



Inhibitors

- Workforce Challenges – Despite the strong projected need for workers, employers have not implemented workforce attraction as a priority. This may require a shift in thinking among employers to meet current and projected future needs.
- Lack of Brand Awareness – Historically messaging has focussed on the ‘quality of life’ and stakeholders identified that the region’s economic profile and industry success stories are not well known on a provincial, national and international level. The region has promising high-growth sectors and the promotion of commercialization potential should be increased.
- Farm and Residential Conflict –Expansion of the urban and suburban areas as population growth pushes outward is increasing the edges of growth boundaries and adding tensions between land uses. Concurrently, farm practices have evolved with innovative technologies and new applications for machinery increasing production while potentially causing disruptions for neighbouring properties. Edge-planning has been referenced as one strategy to mitigate this potential source of tension.
- Post-Secondary Education Achievement – In 2016, 15% of the population aged 15 years and over in region had no certificate, diploma or degree and a lower proportion of the population with a university certificate, diploma or degree at bachelor level (8% lower than the Province). This may limit the ability of employers to find the talent and skills required for an expanding economy.
- Transportation Infrastructure – Lack of access to rail transport (2 hours by car to nearest access) and the reliance on Highway 97 roadway as the singular traffic corridor through the region inhibits growth in some sectors.
- Interprovincial Trade Barriers – Provincial trade is still heavily regulated for certain products limiting market access. The removal of trade barriers and interprovincial red tape would enable local industry to access larger markets.
- Housing Stock Shortages – The increasing pressures of population growth and housing needs are raising the costs of land in the region resulting in increased housing costs.
- Climate Change – Most long-range models are predicting that the region will become warmer and drier impacting crop production and an increased risk of adverse natural events. Future development and infrastructure investment should consider these changing factors.
- Land Availability – Limited serviced employment lands coupled with perceived challenges associated with zoning may limit the region’s ability to attract investment for industrial land uses and commercial and office employment use.

Factors that are both Enablers and Inhibitors

- Ageing Population – The median age increased from 43.4 in 2006 to 45.5 in 2016. In 2016, individuals aged 50 years and above represented 44% of the population while young adults between the ages of 25-39 years accounted for only 18% of the total population. The ageing population will create both opportunities and challenges in the region, placing higher pressure on health care services and demanding services and supports.



- Multiple Jurisdictions within the Region – The local government system in BC is unique. Regional districts are modelled as a federation composed of municipalities, electoral areas, and Treaty First Nations, each of which have representation on the regional district board. With the different actors in the overlapping jurisdictions that impact the RDCO, the alignment of efforts to leverage resources and access funding programs from upper levels of government provide significant opportunity.
- The Agricultural Land Reserve (ALR) – Protects 9% of the Central Okanagan’s overall area ensuring prime agriculture land in the region is protected. This also reduces the availability of land in the region for other development uses.
- Water Access – The Central Okanagan has access to several lakes and rivers. However, a dry climate and hot summers put pressure on agricultural producers and manufacturers to use less water, although residential use still accounts for the highest draw on the water table.



3.4 FDI Opportunities Matrix

The COEDC identified five emerging high-growth industries in the region and commissioned detailed sector profiles in 2018. The COEDC Industry Profiles were designed to improve the information exchange with potential investors and provide critical information that the COEDC could leverage in its investment attraction and regional promotion activities. By focusing on the strengths and competitiveness of these industries and highlighting local success stories, the COEDC looks to attract further international interest and investment to the Central Okanagan.

The sectors identified by the COEDC are:

Agriculture/Viticulture

The Central Okanagan's Agriculture and Agri-food sector is defined by its restrictive geography and a climate suitable to a diverse range of agricultural activities and products. The former is a function of mountain valley landscapes that restrict development, and the latter has allowed for an agricultural sector that could not exist elsewhere in Canada.

Since the first apple trees planted in 1859, agriculture has been a major contributor to the local economy. The climate of the Central Okanagan creates opportunities to grow high-value tree fruits and wine grapes, which are the core product lines of the sector today. These sectors highlight the market requirement for high-value crops and value-added production due to both land restriction and cost.

A major component of the sector's current and future success is the Agricultural Land Reserve (ALR) created in 1974 currently protecting 4,613,162 hectares (5% of the total area) of prime agricultural land within B.C. The ALR constitutes approximately 224,780 hectares or 9% of the Central Okanagan's overall area, ensuring prime agriculture land in the region is protected. This protection has served to mitigate the growth and resulting land development pressures experienced in other jurisdictions.

Animation/Film/Digital Media

The Animation/Film/Digital Media sector in the Central Okanagan is thriving. With over 200 animation, film, and digital media firms (including independent contractors) employing 2,450 people, the industry is making a significant contribution to the regional economy and assists with the attraction of younger age cohorts. Local companies in the sector include state-of-the-art studios such as Bardel Entertainment, Hyperhippo, and Yeti Farm Creative, developing some of the most popular movies and television series currently in production including *Puss in Boots*, *Dinotrux*, *Sweet Tweets*, and the *SCHNARGS*; and local soundstage and production facility Eagle Creek Studio. With the growing concentration of talent in the region, these firms have anchored many other complementary firms with diverse expertise in gaming and animation, motion picture and video production, and research and development.

Health

The Central Okanagan is able to service the diverse and complex health services needs of its growing population including its aging baby-boomer population. As it is nationally, the regional health services industry has a low unemployment rate and is generally immune from economic fluctuations.

The Central Okanagan is seen as a healthcare hub supporting a wide range of economic development and related healthcare research opportunities. COEDC along with its institutional partners should continue to raise the profile of the sector as a regional healthcare provider on a national and international scale. Additional opportunities for health manufacturing supported through local research



expertise and specialization service at KGH/UBCO also exist.

Health care is an important sector in the Central Okanagan with two distinct sector forms: health care services provided by Interior Health Authority, non-profit and for-profit healthcare businesses; and research and development. Interior Health Authority's service delivery region covers the entire Southern Interior of B.C., supporting a population of 730,000 with an annual budget of \$2.3 billion, as the service delivery provider for Medicare services. Providing a wide range of integrated health-care programs and services the Interior Health Authority is the hub of health care for the Central Okanagan.

Kelowna General Hospital (KGH) the premier healthcare facility of Interior Health offers world class high-level, specialty medical care including emergency and trauma services, ambulatory and outpatient clinics, and diagnostic/paramedical services. KGH is also the site of the University of British Columbia's Medical School Clinical Academic Campus, a critical physician training facility developing the next generation of world class doctors, as well as the new state-of-the-art Interior Heart and Surgical Centre, enhancing their ability to provide superior intensive cardiac, perinatal and surgical care in the Interior of BC. In addition to KGH there are over 44 medical facilities servicing the region providing care for individuals who seek services for prevention, diagnosis or treatment from health care professionals, including doctors, lab technicians, dentists, optometrists and chiropractors. The strength of the regional health and technology sectors has been a catalyst for the attraction of companies providing specialized tech-based health and medical solutions.

Information and Communications Technology (ICT)

The information and cultural industries sector include components of the creative economy such as telecommunications, data processing and the motion picture and sound recording industries. The creative economy intersects culture, technology, economy and social aspects and is becoming increasingly important for economic growth and development.

The technology sector is a driving force behind the economy of Central Okanagan with an annual economic impact of \$1.67 billion for the Okanagan Valley. Advancing technologies and their swift adoption are changing businesses around the globe especially as the Information and Communications Technology Sector expands to include technology enabled businesses.

The enabling importance of ICT sector should be recognized and monitored to ensure that Central Okanagan can capitalize on existing growth opportunities, including tech-enabled firms, post-secondary R&D and support, dark fibre network, the Digital Technology Supercluster and the Cascadia Innovation Corridor.

Manufacturing/Aerospace

The Central Okanagan's diverse manufacturing sector ranges from traditional products such as agri-food and wood product processing to high-tech aerospace, with metal, plastic, wood, concrete and fibreglass products. The region's dry climate is ideal for fiberglass/composite and wood manufacturing. Fabricated metal manufacturing, non-metallic mineral manufacturing, transportation equipment manufacturing, plastics and rubber products, and beverages are anticipated to lead growth in the manufacturing industry as the region continues to expand. The cross section of manufacturers makes it easy for existing and new businesses to find high quality supply partners locally.

The region also claims a growing segment aerospace companies and suppliers. Maintenance, repair, overhaul/in-service support, rotary wing, and avionics are well represented, and there is an increasing



number of companies offering a diverse range of products and services and supported by the Kelowna International Airport. Many of the aerospace companies engineer and manufacture components for Boeing which has its western headquarters in Washington State.



3.4.1 Job Demand and Labour Supply

The job demand and labour supply for Central Okanagan were determined by extracting information from publicly available online job postings through the Vicinity Jobs platform⁹.

This information can help local economic development officers, labour market experts and policymakers understand companies' short-term hiring plans as well as employment trends over time.

The job demand and labour supply for the first quarter of 2019 identified a total of 7,624 job postings and 3,414 job seekers in Central Okanagan, indicating a labour shortage. Furthermore, job demand in the region has increased by 32.5% as 1,871 more jobs were posted in comparison with the same quarter of 2018¹⁰. Most job postings and seekers were in the City of Kelowna. Of the job postings matched to specific employers, the top job openings were posted by Interior Health Authority followed by the University of British Columbia and Walmart.

Analyzing job quality indicators, 18% of job seekers finished high school compared to only 12% of job postings requiring the same.

34% of job seekers had a college diploma or certification, while only 16% of job postings required a college diploma or certification. 65% of job postings did not indicate the level of education required, and 5% required a graduate or master's degree. In terms of individual sectors, retail trade accounted for the highest number of job postings in the region, while accommodation and food services accounted for the highest number of job seekers. Health care and social assistance, manufacturing, professional, scientific and technical services, educational services, finance and insurance, and information and cultural industries show a high number of job postings and a comparatively lower proportion of job seekers. This may indicate gaps in job demand, talent supply skill levels.

Analyzing the job supply and demand by industry and skill set, it can be inferred that a skills mismatch and labour shortage is prevalent in the region. Job postings in the technology sector requiring skilled talent are not being filled by job seekers in the region; even though they might be skilled and are capable of being employed in these sectors, they do not have the posted skills required exemplifying the skills mismatch.

Job Demand (i.e. employment outlook) – The number of job openings in a particular occupation will depending on:

- time of year (for seasonal jobs);
- trends and events affecting overall employment;
- location;
- employment turnover (work opportunities generated by people leaving existing positions);
- occupational growth (work opportunities resulting from the creation of new positions that did not previously exist);
- size of the occupation.

Labour Supply – the number of workers willing and able to work in a particular job or industry for a given wage

⁹ The platform employs the Data Warehouse and Reporting Engine to monitor “real-time” labour market information (LMI). It identifies current job openings and cross-references it against databases containing information about local employers and communities.

¹⁰ For the percentage increment calculation, Workopolis jobs are excluded to allow consistency in data sources between 2018 and 2019.



4. Engagement Activities

4.1 Business Survey

See Attached

4.2 Stakeholder Interviews

As one key input to the COEDC's regional economic development strategy, 14 one-on-one in-depth interviews were conducted with key stakeholder organizations in the region. These sessions provided an increased understanding of the organizations, the vision of economic development, and relevant strategic priorities to inform the SOARR assessment.

Please describe your organization/association/business and its relationship to economic development in the Central Okanagan.

The individuals interviewed represented organizations from local government, business, healthcare, and educational institutions. Nearly all respondents indicated they considered their contributions to economic development as important and stressed the need for collaboration in the region.

How would you describe the business climate in the Central Okanagan?

All the respondents felt that the Central Okanagan has a relatively strong business climate and a positive future; however, some individuals perceived that growth had slowed in recent years. It was remarked multiple times that there seems to be a gap in mid-size companies, with many small and large businesses dominating the market. There were also comments from social services stakeholders that there are underutilized workforce segments (newcomers, refugees) that face barriers to employment including; transportation, housing affordability and language skills.

- “Strong, a lot of desire to be here...A robust economy, becoming younger, tech is becoming stronger.”
- “At a commercial level, we have a lot of owner-operated businesses without succession plans...An issue in the future is that the value of the business is tied up in individuals and, the sale of those businesses is difficult.”
- “There is a lot of capacity for employers to be creative and flexible; we have some champions that are benefiting from that...Big contractors doing joint ventures may need multiple partners to solve the labour issue.”

What are the most important key assets that we should know about?

Respondents listed a wide variety of assets in the region with the most common being the attractiveness of the Central Okanagan. Respondents felt this was the key driver for the region's success. Other key assets included the location of the region as a major centre between Vancouver and Calgary with a relative cost differential compared with both cities. The region's health care and educational institutions were also considered majors assets that draw residents, businesses and investment. The large enrollment base of the public post-secondary institutions was also seen as an asset from the perspective of a future workforce. Many respondents alluded to a creative, entrepreneurial spirit in the region as a



major differentiator for the region.

- “Adjacent to Vancouver but not Vancouver, brain drain from Vancouver’s more expensive markets, affordability issues.”
- “Health care workforce, medical and nursing school programs are retaining people. A lot of community-based care, opportunities to test out new ways of developing care and delivery and prove them out.”
- “Connectivity to the world, one stop from everywhere, critical to the success of the region and the tourism industry.”

How could these assets be effectively leveraged?

Respondents had a wide variety of ideas to leverage specific assets. All felt that promoting the local quality of life was a significant first step and then focused on several more specific opportunities.

A few respondents indicated that the local tech industry, while still, comparatively a smaller player globally is key to growing the local economy with the examples of digital media companies Bardel and Yeti Farm Creative, that developed games and animation with highly talented employees luring major contracts and FDI investments. These respondents also indicated that improved access to capital, both public and private would be a key enabler of these opportunities.

- “Foster the ground-level support, the economy needs entrepreneurs driving it.”

Some respondents felt there are opportunities to enhance the connection between industry and university to retain students. This was connected to a “Crisis shortage of workers, dedicated staff members.” A few possible solutions outlined were:

- Reaching out to newcomers, permanent residents and refugees;
- Attracting an increasing diversity of workers;
- “Proactively maintain those strong relationships and reiterating the importance of collaboration and providing opportunities for us to do stuff together.”

One specific opportunity was related to tech-enabled solutions for the local health authority, suggesting that the organization has funding and the ability to locally procure innovative solutions that have the potential to be implemented province-wide. This included a focus specifically on enhancing service delivery over wide geographic areas.

- “View the health authority as a laboratory and run pilots.”

A key theme of enabling sustainable development and maintaining the assets that drive tourism was also mentioned.

- “Develop based on values, protections, helps us stand out from the crowd, received international results.”

What do you see as the most relevant challenges or barriers to economic growth in the Central Okanagan in the next 3-5 years? (Please consider those things that we can affect through action)

Respondents identified a wide variety of challenges impacting growth in the Central Okanagan that fell within three broad themes.



Investment Readiness:

- “Lack of access to capital.”
- “Lack of available serviced land in industrial and commercial areas for new investors.”
- “Everyone has succession planning issues.”
- “Lack of affordable commercial space, commercial kitchen environments, interested in working in the food industry, space for producing good, vegan options to scale need a commercial space.”

Workforce Development/Retention/Attraction:

- “Creating a more welcoming community for more diversity, without that we won’t have growth.”
- “There is a perception in the region of nothing happening...graduates not seeing the opportunities here.”
- “Workforce; hard to find well-qualified people willing to stay in entry-level roles... there has been job-hopping.”
- “Cost of living rising, difficulty retaining individuals...small businesses hard to find labour.”

Interprovincial Conflict:

- “Alberta oil and gas effect from the province, seeing less investment and the perception we are not interested in their business...need to welcome Albertans, pipeline/wine dispute has been a problem...Interprovincial trade, limitations impediments to growth.”

What are the three greatest opportunities to stimulate economic growth and business investment in the Central Okanagan in the coming 3-5 years?

Respondents had a wide variety of identified opportunities to support growth in the Central Okanagan that fell for the most part into a few key categories:

Workforce Attraction/Retention/Development

The ability for youth to find great employment in Kelowna

- “Support local businesses, stronger connections to the university includes research and hiring side.”

Quality of Life/Cost of Living Concerns

- “Everyone needs a place to live and costs associated will impact that, people who are taking positions across the industry, housing needs to be available, keep the market in check.”

Housing affordability

- Availability of childcare is a big issue

Investment in Key Sectors

- Growth in the information and tech industries
- “Continued investment by the university (UBCO); promote the university expansion and impact.”
- “Tourism is a big part of the economy, internationally known...4 seasons...higher quality experiences and international tourism.”



- “More robust capital pool would be a big thing, not just angels...organized groups, create a place for them to be impressed by local opportunities, we have the tech, but it could grow better and faster.”
- Developing the high-tech hub, perception, every effort made to continue that opportunity
- Impact investment fund, (b-corp, community development, customer focuses, environmental, governance) Platform from the University

If the Central Okanagan is to achieve its potential for economic growth, what 1-2 key priorities need to be reflected in the strategy?

A few key themes emerged from this question: the two most prevalent were related to land, investment readiness, workforce and access to capital. Most respondents indicated that prioritization of opportunities is required and that there are limited opportunities for the region to grow.

- “Review of land to make sure we have the right type...to support the investment we want.”
- “Price of real estate is a vital part.”
- “Bridge from the workforce to businesses.”
- “Access to capital...Important to think about global competitiveness.”
- “Recruitment and retention immigration, newcomers.”
- “Access to support services Childcare...ageing population support.”
- “Sustainable development approach...Cost of living, availability of housing...More housing downtown, ways to increase infill development... strategic, land development, redevelopment.”
- “Stronger connections between businesses and the universities.... (they) go after those resources too, hard to work with them when they are being so competitive.”
- “No venue for showcasing results...opportunity for local service providers to coordinate successes’

4.3 Stakeholder Workshops

In addition to the in-depth interviews with 14 stakeholder organizations, 4 stakeholder workshops were held in the Region in May 2019. Participants included:

- Economic development staff from:
 - City of Kelowna
 - City of West Kelowna
 - Westbank First Nation
- Staff and contractors from the COEDC:
 - COEDC Director,
 - COEDC Business Development Officer,
 - Export Specialist,
 - Okanagan Young Professionals Community Cultivator; and



- Okanagan Young Professionals Student Liaison
- COEDC Advisory Council
 - Industry representatives
 - Post-secondary institutions
 - Local government appointees; and
 - Partner organizations.

The workshops helped gain an understanding of local perceptions and grounded the research findings in the reality of economic development in the community. The workshops gathered feedback on the following questions.

1. What are the good news stories and key areas of strength in the Central Okanagan?
2. What challenges are limiting economic growth in the Central Okanagan?
3. What steps need to be taken to make the region more attractive to new businesses and retain existing ones? Near term, longer-term?

For each question, the responses have been summarized with attention to the frequency of each comment. As the responses provided by the various groups are similar, they have been grouped as a summary. In the case where responses are dissimilar or offer a different perspective, they have been identified in summary as well.

What are the good news stories and key areas of strength in the Central Okanagan?

Workshop participants identified that Central Okanagan's natural asset base has contributed to talent attraction and business growth in the high-growth tech sector and is an important value proposition to attract young families and youth to the region. Furthermore, the Advisory Council indicated that the Central Okanagan is viewed as a regional destination with high-end experiences and amenities. The growth and development of downtown Kelowna are identified as central to this, as it provides the infrastructure to support and improve networks and collaboration between businesses throughout the region.

Three main drivers were identified as strengths for the region, the Kelowna International Airport, Kelowna General Hospital (KGH) and the public post-secondary institutions, namely, UBCO and Okanagan College. The airport was recognized for the role it plays in the growth of aviation and subsidiary industries. The healthcare sector was also recognized for its role in contributing to the regional economy. The Kelowna General Hospital (KGH) in addition to offering speciality medical care has a physician training facility that provides specialized training for future physicians.

In addition to contributing to the in-migration of youth and international students, the public post-secondary institutions, along with Accelerate Okanagan, have established the region as an innovation hub. They have responded to the need of the sector and developed programs, e.g., Okanagan College trade school, UBCO's Industry Liaison Office and UBCO's Innovation Precinct Digital Learning Factory.



The technology sector was identified to be a strength for the region. Discussions centred on this sector indicated that the region has a rapidly growing number of start-ups and large tech companies and is marketed well. Tourism, agriculture and viticulture and related industries were also recognized for its role played in growing the economy. To fully leverage the benefits of tourism, the region has intentionally developed October to March tourism offerings and attractions as well as scaling up the business meetings, conferences, and events program. The Agricultural Land Reserve (ALR) is also identified as a strength for the sector, protecting and prioritizing agricultural land use. In terms of manufacturing, respondents indicated that in addition to composites, the sector supports the technology sector and value-added agriculture activities, including wine and cider making.

Workshop participants recommended targeted steps such as expanding processing capabilities, improving sector visibility and increasing capital investment to grow these sectors further. Furthermore, new opportunities to continue exploring include the farm to table economy, cannabis and related processing, and cross-fertilization of the tech sector with other sectors.

Discussions centred on business growth identified that entrepreneurship spirit is high in the region and that there is a strong support network for entrepreneurs. Accelerate Okanagan was identified as an important partner in this regard. Furthermore, respondents indicate that banks are increasingly responding to business needs and provide loans and credits to support business growth and investment.

Representation and support for the Syilx/Okanagan peoples were identified as a strength. Recent trends show increased Indigenous student enrollment in local schools and more collaborative development initiatives. Furthermore, stakeholders identified strong community spirit – sense of place and community volunteerism – is high in the region.

Another important strength for the region is the partnerships between the COEDC, local economic development offices, Tourism Kelowna and industry and post-secondary institutions. The COEDC provides coordinated promotion and marketing efforts that benefit the region as a whole. Also, it has strong working relationships with the local communities, ensuring that local needs and efforts are well supported. Also, local municipalities understand that they are not in competition with each other, and the development in one municipality will positively impact the other.

What challenges limiting economic growth in the Central Okanagan?

Respondents identified a number of challenges in the community that limit growth opportunities, including the ageing demographics, increasing cost of housing, limited rental housing and urban-rural interface.

Also identified were transit gaps such as the lack of rail access has hindered the growth of manufacturing in the region as local manufacturers struggle to transport materials to major cities. The lack of convention space for (large) business events and (increased access to) spaces for networking events were identified as challenges, specifically for the technology sector.

Discussions also identified a general gap between the community and industry as the economic drivers are not well communicated to the community. This results in limited community support and low reinvestment mentality. The tech sector, in particular, was identified as having limited access to angel investment and venture capital funds; on both the investor side as well as on financial institute side. However, they are seeing this trend reversing and also identify this change as strength.

Respondents identified that global awareness as it relates to export and foreign direct investment is limited in the region. While the quality of life in the region is identified as a strength, respondents were



also aware of a downside in terms of business growth, export development, and investment. Discussions centred on this theme indicated that entrepreneurs establishing businesses in the region are not looking to expand and tap into the export capabilities or have a long-term vision for their business growth. They are focussed on achieving quality work-life balance and hence are satisfied with owning and operating a steady-state business.

Challenges related to Workforce-related were commonly highlighted. The perception of a disconnect between the industry sectors and the skill level of the region's population. The Advisory Council shared that there are limited connections between education institutions and the business community/industry. This has factored in the perception that post-secondary grads are not equipped with the skill sets required to participate in the local workforce. Okanagan Young Professionals representatives indicate that limited entry-level job opportunities, specifically in the tech sector, affect youth retention in the region. While the tech sector is great at providing mentorship, there are not many job opportunities for entry-level candidates as the majority of firms in this sector are small-sized and looking for mid-skilled talent.

- Workforce challenges specific to the tech sector and healthcare: the majority of firms are interested in hiring specialized talent. Furthermore, there is a perceived view that lifestyle tax is affecting talent attraction and retention in the technology sector. The Advisory Council Workshop provides a different perspective. Kelowna is identified as an attractive location for skilled talent and entrepreneurs as it is easier to move up the ladder here, and it pays more for the same positions compared to Vancouver.
- Workforce challenges specific to the agriculture, retail and tourism and related sectors: retention level is low, generally due to the mindset of workers (consider service jobs as beneath them) and the seasonal nature of the work.

Marketing gaps and the lack of promotion of good news stories was identified as a central challenge to economic growth in the region. Central Okanagan's messaging is highly focussed on promoting the quality of life considerations. While this is important, marketing should be geared towards promoting sector strengths (tech, healthcare, value-added agriculture) and providing visibility to the sector on a national and international scale. Discussions also indicated that while arts and cultural considerations are growing in the economy, this sector is not seen as an important contributor to economic growth.

Respondents indicated they perceived a disconnect between the planning and economic development departments as limiting economic growth in the region. These challenges included lack of cohesion between municipalities and inconsistencies in zoning and regulations. The limited availability of light industrial and commercial land (perceived or otherwise), and a lack of shovel ready land and zoning issues affect industry attraction. Individual municipalities undertake zoning related decisions, but business attraction efforts are made on a regional level. Also, individual communities are undertaking OCP's, but there is no regional growth strategy. This affects development efforts and limits collaboration at the municipal and regional levels.

What steps need to be taken to make the region more attractive to new businesses and retain existing ones? Near term, long term?

Respondents indicated the following steps as important to attract new businesses and retain existing ones:

- Inventory of available serviced commercial and industrial land



- Improved connections between planning and economic development
- Promoting the good news sector and marketing industry strengths
- Increased partnerships between the private and public sector, increase private sector investment
- Improved downtown presence to support the tech sector through more co-workings paces and office style development
- Improved visibility and community engagement for business growth and support for business owners to utilize current support/grants available
- Formal business licencing and targeted BRE practices
- Getting the business voices more involved in land planning will alleviate issues associated with business growth.
- Opportunities to expand job finding and co-op programs to integrate students into the workforce better were identified
- Programs in the downtown geared towards students will enable youth retention in the region.
- Models to support and subsidize non-profits to ensure continued growth.
- Capitalize on UBCO research programs to turn research into businesses
- Establish post-secondary nodes in smaller communities, i.e. Lake Country
- Increase dark fibre access throughout the region
- Improved transit connections to ensure internal and external movement
- Innovative housing solutions for the short term, rental and low-cost housing to support labour needs
- Succession planning across all sectors
- Leverage Tourism Kelowna's business events recruitment to specific categories – i.e. medical school conference, aerospace, composite manufacturing
- Targets FDI and export initiatives that provide research into emerging markets.
- Emphasis government connectivity into provincial and federal levels

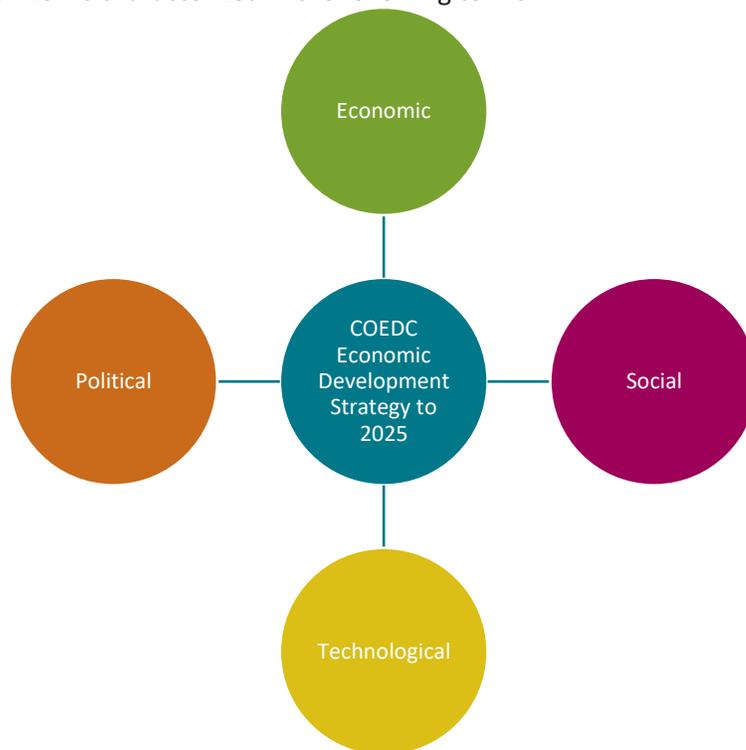


5. PEST/SOARR Assessment Results

5.1 Defining PEST/SOARR

A PEST/SOARR analysis can assist in understanding the context in which an economic development strategy is being created. The analysis considers the strengths, weaknesses, opportunities and threats facing Central Okanagan, along with the political, economic, social and technological factors at play and influencing outcomes in the Region. This framework was developed based on insights from the review of the local and regional context, as well as comprehensive dialogue with local businesses, community stakeholders and partners.

For this report, the PEST is characterized in the following terms:



Economic – Overall economic forces that could impact the economic growth of a community. Examples include Economic trends, industry growth, international trade, labour costs, income, unemployment rates, taxation, inflation, monetary policies, etc.

Social – Social attitudes, behaviours, and trends that impact the community. Examples include Population growth, age of the population, economic status, social /ethnic customs, immigration/emigration, family size/structure, lifestyle trends, etc.

Political – Political or politically motivated factors that could impact the community. Examples include Government policy, political stability or instability, foreign trade policy, tax policy, trade restrictions, labour/environmental/copyright/consumer protection laws, funding grants & initiatives, etc.



Technological – Technology that can affect the way you make, distribute, and market products and services. Examples include technology and communications infrastructure, legislation around technology, consumer access to technology, competitor technology and development, emerging technologies, automation, research and innovation, intellectual property regulation, technology incentives, etc.

The SOARR Assessment is a model for establishing a baseline for analysis in strategic planning by studying identified strengths, opportunities, aspirations, risks and results (SOARR). It is a forward-looking model, taking elements of what would traditionally be affiliated with strengths, weaknesses, opportunities and threats analysis and using insights gained through stakeholder consultations to inform what is desired for the future and how to know when aspirations have been met. The exercise is most beneficial without applying limiting factors (feasibility, responsibility, resources, etc.) in the analysis of inputs; therefore, information in the following model output categories are not to be assumed as proscribing or attributing to any specific organization or function at this stage. The key concepts underpinning the SOARR model are outlined in the figure below.

For this report, the SOARR is characterized in the following terms:



Source: MDB Insight, 2019.



5.2 PEST Assessment

5.2.1 Political

Multiple Jurisdictions within the Region - The local government system in BC is unique. Regional districts are modelled as a federation composed of municipalities, electoral areas, and in some cases, Treaty First Nations, each of which has representation on the regional district board. The Regional District of Central Okanagan service region includes the District of Lake Country, the City of Kelowna, the City of West Kelowna, the District of Peachland, the Electoral Areas of East and West, and a service agreement with the self-governing Westbank First Nation. The Okanagan Indian Band's Duck Lake Indian Reserve #7 is also located within the service region. The Central Okanagan is located in the Thompson-Okanagan economic region of the Province of British Columbia. With the different actors in the overlapping jurisdictions that impact the Regional District of the Central Okanagan, the alignment of efforts to leverage shared resources and access funding programs from upper levels of government provide significant opportunity.

COEDC Partnerships – The COEDC's Economic Development Strategy's success depends largely on the buy-in and support of the municipalities and staff in the region. The COEDC has made collaboration a priority and needs to continue to do so to ensure the successful implementation of an economic development strategy.

Interprovincial Trade Considerations - Interprovincial trade and the removal of interprovincial trade barriers has been a longstanding source of discussion for provincial and federal leaders. The Central Okanagan Region's viticulture and growing cider industry serve the local market but are somewhat limited in their ability to expand if trade barriers exist within the rest of Canada. The removal of trade barriers and interprovincial red tape would enable local industry to access larger markets.

Oil and Gas Pipelines - Recent tensions between the governments of British Columbia and Alberta over pipeline development in the oil and gas sector has spilt over into other, unrelated industries. While these tensions are mostly political, some companies have taken a position on one side of the pipeline debate or the other. If the perception of the Central Okanagan is anti-pipeline, the region could miss out on attracting companies to other jurisdictions seen as more friendly to pipelines. Alternatively, recognition as anti-pipeline could position the region to develop as a hub of clean energy innovation, especially as the natural assets are significant for continued economic returns in Tourism and Agriculture sectors.

The United States-Mexico-Canada Agreement (USMCA) – The renegotiation and replacement of the North American Free Trade Agreement (NAFTA) with the USMCA are currently underway. Many products have already been affected in the Central Okanagan with both American wine and dairy products now having less restricted access to the market. The final ratification of the agreement will have implications on North American imports and exports.

Dispute with China - Canada is currently facing pressure from two of the world's largest economies - the United States and China. The RCMP acting at the request of the United States arrested Meng Wanzhou, CFO of Huawei and one of China's most important executives (both in terms of connections to the government of China and the size of the business). Huawei has been accused, amongst many other charges, of subverting international sanctions and doing business with Iran. This has led to retaliatory arrests of Canadian citizens in China and China's rejection of Canadian food products, including canola.



The issue creates trade uncertainty with both the United States and China and may affect imports and exports in the Central Okanagan.

5.2.2 Economic

Talent and Workforce Attraction – Attracting highly skilled workers remains one of the top challenges facing employers in many parts of the country. The global market for talent has allowed high-skilled workers, particularly in the technology sector, to dictate where they choose to work. Talent attraction efforts are now a part of many jurisdictions’ economic development strategies and the source of academic and business association discussions. While compensation is a strong attraction factor for talent, other factors also play a role in attracting skilled workers, entrepreneurs and their families. Quality of place, cost of living and the amenities offered in the Central Okanagan Region are strong attraction factors for talent. In addition to the need for highly skilled workers, many of the Region’s employers also require unskilled labour. Fruit harvesting, agricultural production and service industry jobs often comprise lower-wage employment. Focusing solely on attracting high-skilled talent at the expense of low skilled labour could pose problems long term, particularly if the cost of living in the region continues to climb. The COEDC has made workforce development a key component of its activities and will need to continue to support and expand these initiatives.

International Trade - The aerospace sector plays an important role in the economy of the Central Okanagan Region. The growing cluster of businesses coupled with the growth of Kelowna International Airport is a source of jobs and a major economic impact along with an area of continued development focus for the industry, education, and economic development partners. The industry serves some large domestic customers, including major contracts with the Royal Canadian Air Force but also relies heavily on international trade and customers who make up the global supply chain. Many of the aerospace companies engineer and manufacture components for Boeing which has its western headquarters in Washington State. Disruptions in international trade and trade with the United States are felt acutely by this industry. The ongoing United States and China trade dispute has created uncertainty across the global economy that will continue to affect export-oriented industries in Canada in the short term until trade tensions subside.

Impacts of Climate Change – The impact of climate change is a global challenge with implications for all jurisdictions and industries. Some regions are more acutely impacted by climate depending upon their location, industry mix and other mitigating factors. The Central Okanagan Region’s soil and growing conditions are ideal for many of the agricultural products and viticulture industry that contribute to the economy of the region. The hot, sunny and dry climate is cited as ideal growing factors in the COEDC Agriculture and Viticulture Sector Profiles. Some areas of the Region, including the City of West Kelowna, are challenged with irrigation and water servicing for all its agricultural areas. A warming climate and extended dry and hot summers pose a risk to many agriculture operations within the region and mitigation of this risk are essential to provide for the viability of certain crops over the long term.

5.2.3 Social

Increasing Housing Costs – The Central Okanagan Region has a comparatively low cost of housing to major Canadian cities such as Vancouver, Calgary, or Toronto. For both the rental and homeownership markets, the Region has seen an increase in housing prices from 2012 to 2018; the average sales price,



for new and resale, has increased by 70% for single-detached homes, 62% for townhouses, and 65% for apartments, and the average rental rate has increased by 37% for both 1 bedroom and 2 bedroom units, and by 26% for 3 bedroom units.¹¹ Some of the interviewees reflected on this increase in housing costs as a potential challenge and expressed some concern that there may be a time shortly where the Region crosses the threshold from a lower-cost jurisdiction to one that is considered cost-prohibitive.

Transit– Connectivity, along with existing transit infrastructure and geographic factors such as valley and lake, greatly influence traffic flows in the region. Influenced by population growth, similarly to housing needs, increased traffic, parking availability in downtown cores and commute times are areas of social tension in the Region.

Ageing Population – The Central Okanagan is ageing. The median age in the region increased from 43.4 years in 2006 to 45.5 years in 2016. In 2016, individuals aged 50 years and above represented 44% of the population while young adults between the ages of 25-39 years accounted for only 18% of the total population.

The ageing population will create both opportunities and challenges in the region, placing higher pressure on health care services and demanding services and supports.

The intersection of Urban and Rural – The Central Okanagan has a thriving agricultural sector with viticulture, cider and craft beer production, tree fruits, and many other products available locally ensuring the region remains highly competitive and prosperous. Farm practices have changed with emerging technologies and new applications for machinery increasing production while also causing noise and other disruptions for neighbouring properties. Expansion of the urban and suburban areas as population growth pushes outward is increasing the edges of growth boundaries and adding tensions between land uses. Edge-planning has been referenced as one strategy to mitigate this potential source of tension.

5.2.4 Technology

Industry 4.0 – Is the next wave of technological innovation whereby production, supply chains, and work itself are intelligent processes supported by automated and internet-connected machines constantly in communication, utilizing and sharing data. Industry 4.0 is rapidly changing how businesses function and innovate in all sectors. For the Central Okanagan advanced manufacturing, aerospace, and agriculture sectors have opportunity for innovative approaches in inputs, processes, and utilising new Industry 4.0 techniques. Aerospace companies across the world and other high-tech firms are increasingly utilizing the principles of Industry 4.0 to make production and distribution more efficient

Inclusive Growth – is the connection between equity and economic development, whereas economic growth benefits inclusivity and inclusivity supports further economic growth. Through economic development practices of network building and assisting SMEs, supportive policies for skills training, transit, and housing, and partnerships that build awareness and collaboration, communities can work towards more inclusive growth outcomes.¹²

¹¹ *Regional Housing Needs Assessment*, Regional District of Central Okanagan, July 2019

¹² *Committing to Inclusive Growth: Lessons for metro areas from the Inclusive Economic Development Lab*, Metropolitan Policy Program at Brookings, 2017



and effective. Adopting Industry 4.0 techniques and technology can be cost-prohibitive for smaller firms, and the predominantly smaller scale aerospace sector companies in the Region will need to collaborate to compete with multinational players such as Boeing and others. For agriculture efficiencies in water usage, product quality/quantity outputs and innovative techniques could mean resiliency in facing climate change and land-use pressures in a sustainable approach.

5.3 SOARR Assessment

5.3.1 Strengths

	STRENGTHS What can The Region build on?	<ul style="list-style-type: none">• What is The Region doing well?• What key achievements is The Region most proud of?• What positive aspects have individuals and enterprises commented on?
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Strong Demographic Indicators

- Central Okanagan shows strong population growth increasing by 35% (net increase of 54,379 people) from 154,473 people in 2001 to 208,852 people in 2018. The population is further projected to grow by 13% to approximately 236,411 people by 2028.
- Household income of residents has also increased, leading to greater purchasing power and potential for reinvestment in the community.

Desirable Natural Assets and Quality of Place

- Central Okanagan has a diverse range of natural assets (mountains, rivers, lakes, waterfalls, unique volcanic formations, deep forest, provincial and regional parks, open green spaces and trails), arts and cultural assets (theatres, art galleries, museums and festivals and events) and social and educational assets (library, UBCO and Okanagan College). These elements provide diverse recreational opportunities and significantly raise the community's quality of place experience.
- Central Okanagan is comprised of seven communities: District of Lake Country, City of Kelowna, City of West Kelowna, Westbank First Nation, District of Peachland, Central Okanagan Electoral Area East and Central Okanagan Electoral Area West. Each of these communities offers unique characteristics that raise the quality of life for residents and attracts investment.

Access and Proximity to Markets

- Central Okanagan continues to benefit from its position as the largest trading centre between the two largest cities in Western Canada—Vancouver and Calgary. Central Okanagan is well-served by numerous highway systems, including Highway 97, Trans-Canada Highway and Highways 3. The region is serviced by Kelowna Regional Transit (KRT). Also, Kelowna International Airport (YLW), plays a vital part in the economic development and prosperity of the Central Okanagan. YLW offers more than 60 daily non-stop commercial flights and moved approximately 1.89 million passengers in



2017, up 9.3% from 2016. The airport's cargo rates¹³ have dropped significantly since 2014 from 2,264.3 tonnes to 1,701.0 tonnes in 2017 and represent a key opportunity for growth.

A Growing Post-Secondary Presence

- Central Okanagan's two public post-secondary institutions generate significant economic impact by attracting research and development dollars and experts through their labs such as the Survive and Thrive Applied Research (STAR) initiative¹⁴ and the recently announced Innovation Precinct which will among other partnerships develop aerospace technology with Avcorp Industries¹⁵ at UBCO, and the BC Technology Access Campus for beverages research at Okanagan College.
- The presence and access to educational institutions and support structures foster incubation and commercialization of ideas and targeted response to industry needs. For example, programs such as entrepreneurship@ubc support ventures from ideation to funding, providing support and resources for entrepreneurs.
- Currently, the University of British Columbia's Okanagan Campus and Okanagan College host more than 16,000 students. This number is growing annually and expected to exceed 18,000 students on UBCO's campuses alone by 2040¹⁶.

A Diverse and Growing Economy

- The Central Okanagan was named the most enterprising region in Canada by the Financial Post in 2016. The Region is outpacing the province in the growth of businesses by employee size with the biggest jump in businesses with 20-49 employees at 8% growth compared to the province at 3%¹⁷.
- Diverse industry sectors including advanced manufacturing, aerospace, agriculture and viticulture, construction, healthcare, retail and tourism are supported by focussed investment attraction and business retention and enhancement initiatives from business support organizations, including the COEDC, Chambers of Commerce, and Industry associations, in the Region.
- The Central Okanagan has a growing workforce to support emerging sector opportunities. In 2016, Central Okanagan's labour force was concentrated in health care and social assistance, retail trade, construction and accommodation and food services. Labour force by industry in Central Okanagan grew by 7,725 people (8% growth) from 2011 to 2016. Comparatively, the province saw 5% growth for the same period.
- Central Okanagan has developed targeted opportunities to grow the tourism and agritourism sector through marketing and product development assistance, such as the COEDC *From Agriculture to Agri-Tourism – Opportunities* resource, supporting agritourism businesses and growing the suite of experiences in all seasons to benefit local and inbound visitors in the Region.
- A strong value chain supports priority sectors including Agriculture/Viticulture, Manufacturing/Aerospace, Health, Animation/Film/Digital Media and Information and

¹³ Table 23-10-0254-01 Air cargo traffic at Canadian airports, annual

¹⁴ UBCO STAR, star.ubc.ca/

¹⁵ UBC Innovation Precinct, ubcinnovationprecinct.ca/

¹⁶ UBCO Outlook to 2040, ok.ubc.ca/shaping-ubco-future

¹⁷ BC Stats



Communications Technology. For example, the existing viticulture industry is complemented by emerging craft beer and cider industries.

- Collaboration and sector partnerships have supported growth and innovation in industry sectors. For example, the agricultural research infrastructure and expertise available at UBCO, Okanagan College, Summerland Research and Development Centre, as well as industry associations, ensures continued growth for the agriculture sector. Within the tech sector, collaborations have resulted in new applications for technology in the health field, including QHR Technologies electronic medical record platform.
- The Region can capitalize on existing strengths, including tech-enabled firms, post-secondary R&D and support, dark fibre network, the Digital Technology Supercluster and the Cascadia Innovation Corridor to grow the tech sector.
- There is a growing innovation ecosystem anchored by Accelerate Okanagan; further the Region ranks 11th in the 2019 Youthful Cities ranking ahead similar mid-sized Canadian cities including Charlottetown, Halifax, and Winnipeg.

Strong Community Spirit and Entrepreneurial Culture

- The business survey and stakeholder workshops with staff, industry and educational partners identified a great sense of community pride and support for the community.
- The Region's economy continues to demonstrate its entrepreneurial culture. As of December 2018, approximately 26,768 businesses were registered in the Central Okanagan. Of the 26,768 businesses, the majority were sole-proprietorships (18,421 businesses – 69% of total businesses). In line with this finding, the City of Kelowna was named the best city in BC to open a small business by the Canadian Federation of Independent Business in 2018.

Supportive Economic Development Stakeholders

- The Central Okanagan is serviced by the Regional District of Central Okanagan's Economic Development Commission (COEDC), Municipal Economic Development staff and COEDC Advisory Council. They provide economic development services on behalf of residents and local businesses, promoting business and economic growth opportunities across the region. The COEDC has fostered a collaborative regional approach to economic development to support economic growth across the region.



5.3.2 Opportunities



OPPORTUNITIES

What is The Region's best possible future opportunities?

- What changes in demand does The Region expect to see in the future?
- What external forces or trends may positively affect development?
- What are the key areas of untapped potential?
- What weaknesses or threats can be converted into SMART improvements?

Leveraging Infrastructure and Sector Strengths to Raise Community Profile

- Continuing to focus on messaging that goes beyond 'Quality of life' and is targeted towards promoting business success stories emphasizing strengths and growth of key measurable indicators. The region has a strong technology sector, entrepreneurial spirit, an innovation ecosystem, educational and industry partners and a strong volunteer community. The Central Okanagan also has the core infrastructure necessary for economic growth including broadband infrastructure, highway system and a growing airport. Focus on these aspects to promote the region and advance/differentiate talent/entrepreneur attraction initiatives.
- Promote priority sectors to raise the profile of the community.
 - i. Agri-food and Value-added Agriculture – Continue to promote agritourism and increase awareness of the agriculture sector. Opportunities exist for the development of speciality products such as organic crops to adapt to changing consumer demands. Also, the nexus between agriculture and food processes or other value-added agricultural product processes, e.g. biomass, oil extraction, etc. can be explored. Increased access to commercial kitchens and food testing could leverage the abundance of small-scale food innovation and experimentation into commercialization.
 - ii. Fibres and Bio-alternatives – Emerging sectors related to agriculture and forestry can produce different materials such as hemp fibres, cellulose products, or other agroforestry by-products or inputs that have increased in industry confidence and application.
 - iii. Technology-enabled Businesses – Continue to promote the technology-driven and creative industries to drive economic growth for the region. Opportunities exist to expand educational industry partnerships, leverage funding opportunities through angel investment and research the feasibility of convention space for networking and business growth opportunities.
 - iv. Healthcare – The Central Okanagan is a healthcare hub and related support, creating new economic opportunities and growing existing ones. Continue to raise the profile of the sector as a regional healthcare provider on a national and international scale. Additional opportunities for health manufacturing supported through local research expertise and specialization service at KGH/UBCO also exist.

Business Retention and Expansion Priorities

- Continued provision of programming (site visits) and services (business consultation) for entrepreneurship and small businesses in the region. The Region is a hub of emerging and established companies with strong representation in tech, digital and animation, life sciences and



innovative practices in construction, manufacturing and agriculture. Opportunities exist for fostering new start-ups and advancing high-growth companies with continued offerings of tailored business service programming and resource development.

- The business survey conducted by phone and online with 114 responses. Businesses in the Region identified the following strategic priorities that are most likely to increase business satisfaction: “Availability of skilled labour,” “Development charges and offsite-levies,” and “Availability of adequate housing.” Addressing these top-priority business factors through review, adaptation, or sustained attention is most likely to lead to higher business satisfaction.
- COEDC Advisory Council stakeholders identified that a focus on succession planning supports across all sectors as a step to make the region more attractive to new businesses and retain existing ones. Also, through the business survey, it was identified that 21% of business owners surveyed indicated they would have interest in succession planning/support for the sale of their business.
- Ageing demographics including business owners, especially prevalent in the agriculture sector, will pose a labour force challenge in the coming years if steps are not taken to attract and retain workers and ensure programming aligns with a business need.
- Take advantage of growing affluence and populations to raise the investment profile of the community to facilitate investment attraction. Increase funding available to address the longer period from start-up to profit for new ventures. Opportunities exist to improve access to angel investment and venture capital funds; on both the investor side as well as on financial institute side.
- Considering Central Okanagan’s strengths in the agriculture sector including viticulture, brewery and cider making, start-up tech initiatives, agri-food and agri-tourism, opportunities exist to leverage social enterprise to maximize financial, social and environmental well-being. The abundance of small producers and niche/speciality crops provides prospects for an aggregation centre or food hub to engage in joint marketing, branding, distribution etc.
- Opportunities exist for an expanded post-secondary campus presence in the Kelowna downtown core to encourage investment attraction, collaboration with industry partners, Accelerate Okanagan and other community support organizations to attract and retain businesses.

Leverage Educational Industry Partnerships for Workforce Development

- Educational institutions provide graduates with the skill needed to participate in the workforce and foster partnerships with industry to develop in-demand workplace skills and job opportunities for graduates. Opportunities exist to develop more educational- industry partnerships to align graduate skillsets with industry needs. Co-op experience, internships or field placement will help students gain critical hands-on learning experiences.

Leverage Educational Industry Partnerships for R&D

- Opportunities exist to increase research and development partnerships and support for commercialization of research through the UBCO’s Industry Liaison Office and UBCO’s Innovation Precinct Digital Learning Factory.

Supportive Business Development Policies

- Recently enacted United States-Mexico-Canada Agreement and Comprehensive Economic Trade Agreement represent new horizons that have not been fully understood by most communities.



Those with expertise in both agreements will see the greatest benefits and opportunities. Build on the success of the Region's explosion of cherry exports to China. Identify if there are other products/international markets that may be accessed with recent trade deals.

- Investigate opportunities to support the Regional Growth Strategy to meet local and regional demands and nurture a healthy business environment. The strategy is important given the prevalence of the ALR and ensures industrial and agricultural land is preserved, and commercial development is attained.



5.3.3 Aspirations



ASPIRATIONS

What does The Region care deeply about achieving?

- What is The Region deeply passionate about?
- As a Region, what difference do we hope to make (e.g. to residents, for institutions, to businesses)?
- What does The Region's preferred future look like?

Supported Business Community

- Targeted investment attraction, incubation and commercialization efforts that ensure continued business and industry growth.
- A connected community with strong ties between the local businesses and residents in the region. Support for businesses by the community is important as this promotes entrepreneurship, innovation and talent attraction Targeted networking and collaboration between businesses that allows for supply chain growth and cluster development.
- Regional access to broadband and improved digital awareness for businesses to participate in the digital economy, particularly small business and main street enterprises.
- Improved access to capital for SME's and available pool of funders who can support business expansion and growth.
- Assess policies and development requirements to increase investment for businesses and taking proactive measures that direct growth into the downtown cores for all member municipalities. A vibrant, downtown core is essential to attract new businesses and residents; creating a sense of place and preserving the unique community differentiators while supporting growth.

Proactive Workforce Initiatives

- The continued focus for diversity in housing options. To meet the demands of labour and encourage densification, housing options need to be diversified. Talent and workforce attraction will become a challenge if the public policy cannot address the housing and infrastructure needs. Recent trends show that high-density housing options in Central Okanagan are increasing. This needs to be capitalized on and further improved.
- Focussed and efficient technologies that can harness underutilized labour pools. Targeted workforce development initiatives that are developed based on current and projected labour market information. Labour market challenges are not well understood, and the extents of labour challenges (current/future) are underappreciated. Improved labour market information will address the challenge.
- Increased collaborations between regional stakeholders and UBCO and Okanagan College to retain graduates by promoting student connections to the community; provide co-op, practicum opportunities, and employment pathways. This is essential as the future of work requires graduates with skills that enable them to participate in the technology-based and innovative environment.
- Increased investment and resource support for entrepreneurs for workforce attraction and retention. Entrepreneurs are generally not HR experts and therefore require resources/access to resources and best practices to understand their obligations and employees' requirements.



- Targeted recruitment efforts that focus on both domestic and international talent with messaging that goes beyond the usual quality of life messaging to focus on high tech, high skill and sophisticated career opportunities.

Improved Brand Awareness

- Targeted branding that has resulted in increased brand awareness of the RDCO/COEDC both nationally and internationally and facilitates easy market entry and leverages a strong Canadian brand.
- Continue targeted tourism initiatives, led by Tourism Kelowna and the Thompson Okanagan Tourism Association, with a deliberate focus on the shoulder season that continues to leverage tourism as a four-season driver of economic development and investment.

Strong Stakeholder Partnerships

- Initiatives that ensures a collaborative regional approach to economic development and improved partnerships between local government planning functions and economic development.
- Partner organizations are efficiently leveraged to ensure that the real impacts of policy changes are communicated to decision-makers, and an ongoing feedback loop exists.
- Committed government (elected officials and staff), focussed on developing messaging and marketing about the positive business climate and economic opportunity available in the region.
- Improved storytelling and innovative message delivery about good news stories, sector strengths and opportunities/careers available in the region.



5.3.4 Risks



RISKS

How will The Region recognize and mitigate or eliminate potential risks?

- What challenges does The Region need to be aware of?
- What policy shifts could impact our aspirations?
- What contingencies should The Region have in place to address threats or unexpected consequences?

Demographic Challenges

- In 2016, the Regional District of Central Okanagan had a median age of 45.5 years compared to the median age of 43 years in British Columbia. Central Okanagan's median age increased from 43.4 years in 2006 to 45.5 years in 2016, suggesting that the population is ageing.
- Central Okanagan's existing housing stock is predominately comprised of single-detached dwelling (i.e. low-density units).

Gaps in Educational Programming

- In 2016, 15% of the population aged 15 years and over in Central Okanagan had no certificate, diploma or degree. For the people with a secondary (high) school diploma or equivalency certificate, Central Okanagan's share of the labour at 31% is higher than the Province. Central Okanagan has a lower proportion of the population with a university certificate, diploma or degree at bachelor level or above at 18% compared to the Province at 25%.
- An increased downtown Kelowna presence of educational institutions is important as it raises the economic and social profile of a community resulting in an added investment attraction value proposition for the region.

Workforce Development Risks

- Workforce development is a regional issue that extends beyond municipal borders. Growth of in-demand sectors will be dependent on the ability to train and recruit high-skilled workers to the region. Occupation groups forecasted to have the most significant growth require some postsecondary education that the current labour force does not have.
 - i. Through the business survey and stakeholder workshops, it was identified that Central Okanagan has workforce challenges related to specific sectors and jobs. For example, stakeholders identified that while the technology sector requires skilled talent, the service sector, namely, the retail trade and food and accommodation sector require mid-skilled and unskilled positions including cashiers, caterers and bussers.
- There is a perceived wage disparity between similar roles in different comparative markets and the wages in the Central Okanagan. Research is needed to understand the true nature of the perceived wage disparity and the impact it has on the workforce and attracting talent.
- Despite the strong projected need for workers, employers have not implemented workforce attraction as a priority. This may require a shift in thinking among employers to meet current and projected future needs.



Business and Sector Development Risks

- While the Central Okanagan has a higher than national median income and potential for investment in the community, stakeholders stated that this private investment is limited. Respondents indicated that this might be due to limited knowledge sharing between the community and industry needs. Residents have limited awareness of opportunities and the potential for incubation and commercialization in the region. Similarly, industry sectors have limited awareness of the investment potential of the community. The lack of/or limited angel investment and venture capital funds affect development opportunities.
- Limited availability of serviced employment lands coupled with perceived challenges associated with zoning may limit the region's ability to attract investment for industrial land uses and higher-order commercial and office employment use.
 - i. Continued pressure from residential and commercial growth abutting agricultural land is affecting sector growth

Lack of Brand Awareness

- Historically, the messaging has focussed on the 'Quality of life.' Through the workshops, stakeholders identified that Central Okanagan's economic profile and good news stories are not well known on a provincial, national and international level. The region has promising high-growth sectors, and the promotion of commercialization potential should be increased.



5.3.5 Results



RESULTS How will The Region know it's succeeding?

- What are the key goals The Region would like to accomplish in order to achieve these results?
- What meaningful measures will indicate that The Region is on track toward achieving its goals?
- What resources are needed to implement The Region's most vital projects and initiatives?

Growth in key sectors businesses and workforce

- Increased investment lead generation from targeted industries and increased lead-to-conversion ratios.
- Tracking business and workforce count across the region will indicate how successful cluster development and workforce attraction initiatives are progressing.

Performance Measurement

- The COEDC has developed and publicly shares key macro indicators; results are measured, reported and compared to expectations or goals. These include best practices in place including the “Quick Stats Dashboard” and “Quarterly Economic Indicators” Reports maintained by the COEDC which include Population, Housing Starts, Building Permits, Business Licences, Airport Traffic, Tourism Room Revenue, Median Home Price, Average Rent and Unemployment¹⁸.

Increased Youth In-migration and Retention

- As identified in the economic assessment, youth in-migration is integral to employment growth as they fill boomer vacated positions. Targeted messaging and brand focussed recruitment efforts, along with strong industry educational partnerships, will promote youth in-migration and retention.

Attraction and retention of the workforce

- Continued collaboration with educational institutions, business and industry partners along with an increased understanding of current and predicted labour market information would enable the region to address labour force needs and support the development of a sufficient pool of skilled talent available to participate in the workforce.

Support for Entrepreneurs

- Entrepreneurship programming through networking events, grant assistance, pitch competitions, mentorship, coaching and peer-to-peer engagement.
- Growth of Businesses that move from the start-up phase through to product development and validation and support to explore and enter local, national and international markets.
- Continued mapping of the start-up ecosystem to understand business needs, satisfaction rates, investment and economic impact.

¹⁸ Quick Stats Dashboard, investkelowna.com/about-the-okanagan/okanagan-overview/quick-stats-dashboard/



- Increased private investment through strategic partnerships including angel investments, leveraged buyout and venture capital to provide businesses with financial backing.



6. Strategic Development

Based on research and consultation with the business community, regional stakeholders and the area municipalities the following four economic development priorities were identified as key considerations for the update to Moving Forward to 2025.

6.1 Strategic Pillar: Growing Sustainably

Directional Statement

“We use economic development best practices to support an economy that works for the people, businesses and environment of the Central Okanagan. We work to advance the Regional Growth Strategy priorities through partnership and collaboration.”

The Central Okanagan’s population is projected to continue to grow while also ageing, placing increased stresses on the housing supply, transportation networks and health care services. This growth creates significant opportunities for the Region to invest in sustainable and smart growth initiatives and policies, which will be necessary to manage growth while maintaining the high quality of life that attracts visitors and residents.

The RDCO has recognized the importance of these initiatives by identifying Transportation & Mobility, Sustainable Communities and Environment as three of the top four priorities of the Regional Board Strategic Priorities 2019-2022¹⁹ the fourth being Economic Development. These priorities are important enablers for the strategic directions identified in this Strategy and facilitate successful economic growth and development.

Housing

The RDCO’s Regional Housing Strategy and Regional Housing Needs Assessment projects support a role of advocacy and facilitation in the development of more suitable and affordable housing. Key challenges raised are the use of short-term rentals (Airbnb), increasing land costs and increased pressure on non-profit housing from individuals struggling with substance abuse. Improving density and affordability in key areas where existing physical and transportation infrastructure is in place is imperative to sustainable growth in the region.

Transportation

The RDCO’s residents are nearly wholly dependant on personal vehicles to access their place of work and nearly every amenity within the region. As the population continues to grow, this mass of vehicles will put increasing pressure on transit corridors with the most obvious being the traffic load on the William R. Bennett Bridge. The stated goal of the Region is to see the “transportation mode share, shift from single-occupant vehicles to other more sustainable options such as transit, cycling, walking and carpooling / ride sharing”.

Environment

The natural environment is a key component of the current high quality of life and quality of place the RDCO enjoys. The high quality of the natural environment enables the agriculture and tourism sectors

¹⁹ RDCO Strategic Priorities, regionaldistrict.com/media/270323/2019_2022StrategicPrioritiesFINAL.pdf



and directly tied to the economic success of the Region. The ALR is a key example of a Provincial initiative that protects land use for agriculture and supports the tourism industry. The RDCO’s prioritization of initiatives including the Solid Waste Management Plan, Regional Floodplain Management Plan, Integrated Watershed Management Plan, and Regional Park Management Plans all support the protection of the local environment. These initiatives will have direct and indirect economic impacts supporting the overall Economic Development climate and the 2020-2025 Economic Development Strategy.

Growing Sustainably
Action 1: Support implementation of Regional Growth Strategy priority projects Action 2: Engage in and provide industry intelligence to Regional Planning Labs Action 3: Provide Regional Stakeholders with economic data to support informed decision making Action 4: Share best practices of applied sustainable growth and align with federal/provincial support initiatives
Increased knowledge of industry intelligence, statistics and trends to inform decision making for the future

6.2 Strategic Pillar: Competing Globally

Directional Statement

“We communicate the Central Okanagan’s profile as an innovative future-focused economy through targeted investment attraction initiatives and assisting businesses with specialized service and expertise.”

The Region has already recognized the importance of investment readiness to ensure sustained long term commercial and industrial growth. The RDCO Regional Growth Strategy Priority Project Plan identifies the protection and provision of employment lands as a priority consideration²⁰. The development of a Regional Employment Lands Inventory²¹ is one of the priority projects identified in Plan.

Currently, industrial land is limited in the region with challenges including the need to protect the Agricultural Land Reserve (ALR), low vacancy rates and service limitations - e.g. utilities, lot size or access. While the 2018 Central Okanagan Economic Profile provides general information on the availability of commercial and industrial land in the Region’s communities, the lack of a central repository of available serviced and un-serviced commercial and industrial land, as well as vacant commercial and industrial buildings, affects the ability of the community to effectively expand and attract targeted investment.

²⁰ “Ensure the timely availability of suitable and affordable employment lands to maintaining competitiveness, particularly in high-value sectors such as manufacturing, value-added agricultural, and the rapidly growing tech sector.”

²¹ The inventory will provide the foundation for a Regional Employment Lands Strategy and the development of tools to enable new business and investors to identify appropriate sites.



As identified in the Competitiveness, Trends and Regional Value Proposition section, multiple jurisdictions within the Region act as an inhibitor to growth and development. The RDCO provides planning for the Central Okanagan West Electoral Area and the Central Okanagan East Electoral Area while the District of Lake Country, City of Kelowna, City of West Kelowna, Westbank First Nation and District of Peachland each have their own planning departments. Furthermore, the development of an inventory requires significant resources, including a financial commitment and staff time. The strategy recognizes the unique challenges that the Region faces in terms of developing and maintaining an inventory of employment land, and buildings. The actions contained in the Strategy make clear that the RDCO needs to take on a lead role in this regard, ensuring buy-in within the municipal jurisdictions and the alignment of efforts to leverage shared resources and access funding.

Given the challenges, the Region needs to focus on innovative measures that create a business-friendly environment, encourages entrepreneurship and expands existing businesses in the region. The focus should be placed on attracting and developing higher density and mixed-use development opportunities, including office-commercial spaces and alternative uses such as flexible office space or co-working space for professional service firms. This is of relevance as employment projections for Central Okanagan indicate a 26% growth (20,959 new jobs) over the next decade with the largest gains in health care, accommodation and food services, retail trade, educational services and professional, scientific and technical services.

The emphasis should be placed on rethinking land-use, densification and establishing higher-order industrial/office development where appropriate. Consideration should be given to further enabling development in downtown Kelowna along with other commercial cores, Highway 97, Mission/ South Pandosy districts, Boucherie and Westbank Centres and the commercial and cultural core in Winfield. As central areas located in proximity to transit areas, the development and efficient marketing and promotion of these locations are critical for long term business attraction, entrepreneurship, and business expansion.

It is essential that Central Okanagan monitor the demands of its current marketplace and anticipate infrastructure investments that would be required in 5, 10, 15 years. In rethinking land-use, Central Okanagan also needs to focus on business investment that is supportive and/or complementary to existing agricultural uses. The 2019 Central Okanagan Agricultural Sector Report is important in this regard as it provides the asset inventory, enhanced data, and information resources necessary to provide sector-specific value propositions for local producers. Similar efforts should be undertaken to ensure investment in other target sectors including high-value sectors such as manufacturing and the tech sector.

It is also important for the Region and the local municipalities to continue to be supportive of the overall business climate by looking at ways to support or facilitate the streamlining of regulation and approval processes.



Competing Globally

Action 1: Facilitate a regional approach to investment readiness

Action 2: Development of lead handling protocols

Action 3: Increase the awareness of the Region's value proposition

Action 4: Leverage the Region's investment efforts to align with federally/provincially identified target sectors and priority markets

Increased Regional capacity to attract investment through creation of tools and resources

6.3 Strategic Pillar: Inviting Top Talent

Directional Statement

"We support business growth and position the Central Okanagan as a talent-rich region by communicating the Region's career and lifestyle opportunities, equipping employers with resources and facilitating the connection between industry and post-secondary."

Workforce development is a regional issue that extends beyond municipal borders. There is a strong projected need for workers in the Central Okanagan with a current unemployment rate of 4.3%²² as of July 2019. A survey of local businesses indicated that 60% are dissatisfied with the current availability of skilled labour, which could potentially slow growth in key sectors that are dependent on the ability to train and recruit high-skilled workers to the region.

The COEDC has long recognized the importance of workforce development and attraction, commissioning the Growing in the Okanagan, 2020 Labour Market Outlook²³ and Human Resource Strategy and Implementation Plan²⁴ in 2014. Consultation and research findings indicate that while significant progress has been made, many of the workforce issues raised in these reports resonate today including:

- The current labour force growth is insufficient to meet regional labour force needs,
- There is expected to be a shortage of qualified workers with post-secondary education,
- Most employers do not have an HR nor a succession plan,
- A perceived disconnect between the industry sectors and the skill level of the region's population,
- Limited connections between education institutions and the business community/industry.

The COEDC has implemented several initiatives to support workforce development/attraction in the region to mitigate these issues and has made real progress in developing networks through:

²²Statistics Canada Unemployment Rates, statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410029401

²³ Growing in the Okanagan, 2020 Labour Market Outlook
investkelowna.com/application/files/4514/7795/5164/growingintheokanagan_labourmarket2020.pdf

²⁴ Human Resource Strategy and Implementation Plan
investkelowna.com/application/files/4514/7795/6191/workforce_development_malatest.pdf



- The Connector Program²⁵, a formalized community networking/integration initiative designed to broaden a job seeker's network through one-on-one in-person meetings with established business leaders in the community.
- Connecting Industry with Training: The COEDC collects, analyzes and communicates industry skill needs to training institutions.
- Communicating with Businesses: The COEDC collects and monitors the human resources needs of businesses through one on one communication and works in partnership with organizations and institutions to address ongoing needs.
- Okanagan Young Professionals Collective²⁶ is a strong team of representatives from almost every industry sector and geographic boundary in the Okanagan. This advisory team guides and challenges the Collective to be better and do more.
- The COEDC's Advisory Council is made up of 40+ influential industry leaders, community shapers and elected officials. The council meets monthly to share information and work together towards the goal of sustainable economic growth.

Consultation and research findings highlight a need to inform students about job and career opportunities in the Region, and about the future of the Central Okanagan's job market. Improving collaboration between business and academia will improve the consistency and availability of certifications and training opportunities that employers are demanding, and education institutions are offering.

Experiential learning programs that support specific industries and businesses are already in place such as:

- Okanagan College two-year diploma in digital animation²⁷ supporting companies like Bardel and Yeti Club
- Okanagan College Aircraft Maintenance Engineering-Structures²⁸ program supporting KC Aerospace

Growing demand for the expansion of these types of experiential learning and co-op programming is expected to continue the Region and represents expansion best practices. These types of programs can also alleviate the current lack of entry-level opportunities identified by the Okanagan Young Professionals affecting youth retention in the region.

²⁵ The Connector Program, investkelowna.com/how-we-help/young-professionals/connector/

²⁶ OYP, investkelowna.com/how-we-help/young-professionals/okanagan-young-professionals-collective/

²⁷ Okanagan College Animation Program, okanagan.bc.ca/Programs/Areas_of_Study/Technologies/Animation.html

²⁸ Okanagan College Aerospace, okanagan.bc.ca/Programs/Areas_of_Study/trades/departments/aero/news.html



Inviting Top Talent
Action 1: Collaborate with industry and regional partners to support talent development, attraction, and retention
Action 2: Collect and share labour market intelligence
Action 3: Facilitate industry and post-secondary connectivity
Action 4: Showcase career and professional development success stories across all industries
Increased capacity of employers to retain, develop, and attract top talent

6.4 Strategic Pillar: Building Business

“We leverage proven strategies to attract, retain and build business. We have a continual improvement partnership-driven mindset and use digital innovations and new ideas to maximize impact.”

The business development activities of the COEDC have been focused on two key areas: providing information and one on one business support. There is an opportunity to more fully operationalize and expand business development and business retention and expansion programming in the region, making these services more accessible to a wider audience.

The COEDC has made significant inroads with the business community in the RDCO and their contribution through participation in the Advisory Committee is a best practice in Economic Development. Another best practice is COEDC’s development of key reference materials like the Business Services Guide²⁹ and Financing Resources & Business Incentives for Central Okanagan Businesses³⁰ which provide comprehensive information on the services and financing available to businesses.

However, this support may not be reaching smaller businesses since they are more difficult to find, contact and support, and tend to have less time and often do not know how to ask for or find support. Clearly with COEDC recognizes small businesses significantly impact local economies sustaining and supporting diversity in the business base and often provide higher value employment opportunities. Small businesses act as agents of positive economic impacts, being nimble and able to scale up and scale down employees and production to match the cycles of the economy and can reach national and international markets. Despite the high number of small businesses in the Central Okanagan, many of those surveyed suggest that the Region has provided only limited support for their operations or they don’t see existing supports as relevant their operations. The barriers for businesses accessing the available support is lack of awareness and operationalizing of businesses services not a lack of services.

Significant positive progress has been made through the work of regional partners like Accelerate Okanagan³¹ in supporting technology enabled businesses and start-ups but many businesses do not

²⁹ COEDC Business Services Guide, investkelowna.com/application/files/3715/6053/2152/CO_Business_Service_Guide__2019-05-30.pdf

³⁰ COEDC Financing Guide investkelowna.com/application/files/2915/6347/1251/FinancingResources_COBusinessess__2019-07-18.pdf

³¹ Accelerate Okanagan, accelerateokanagan.com



recognize the organization as being open to other sectors. Small businesses and community stakeholders have reported that they are struggling with workforce development, business planning, marketing and promotion and access to capital. Best practice support programs are active in the region including the Young Agrarians administered BC Land Matching Program³² providing land matching and business support services to new farmers looking for land to farm as well as landowners interested in finding someone to farm their land.

These opportunities are focused on enhancing the existing business databases and improving integration within the existing robust network of business service providers.

Building Business
Action 1: Create and connect businesses to resources, tools, support programming and market information
Action 2: Partner with Region’s business service providers to address needs and opportunities of businesses
Action 3: Create assets that showcase successful regional companies and the ecosystem that supports them (i.e. post-secondary institutions, centres of excellence, etc.)
Action:4 Gather industry intelligence through direct connections with the Region’s businesses
Increased capacity of regional business and business service providers to foster growth

³²BC Land Matching Program, gov.bc.ca/gov/content/industry/agriculture-seafood/programs/land-matching



7. Appendix

Economic Base Analysis – Research Studies:

- [COEDC 2018 Operational Strategic Plan](#)
- [2018 Economic & Industry Profiles](#)
- [Economic Indicators Reports](#)
- [Kelowna and the Okanagan, Thriving on a National Level Infographic](#)
- [Growing in the Okanagan – 2020 Labour Market Outlook](#)
- [Central Okanagan Aerospace Core Competencies Study](#)
- [Central Okanagan Aerospace Regional Asset Map](#)
- [Central Okanagan Economic Profile for Agriculture \(July 2017\)](#)
- [Economic Impact of the Okanagan Tech Sector by Accelerate Okanagan 2017](#)
- [Regional Growth Strategy: Priority Projects Plan 2017 - 2021](#)
- [Regional District of Central Okanagan Strategic Priorities Plan 2015-2018](#)
- [Techstars Report 2017](#)
- [West Kelowna Economic Development and Tourism Strategy](#)
- [Westbank First Nation Economic Development Strategic Plan 2016-2019](#)