

# **COMMERCE ON BOWEN ISLAND**

**A REPORT ON CURRENT CHARACTERISTICS  
AND PAST GROWTH**

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## INTRODUCTION

Commerce on Bowen Island has grown rapidly over the past decade yet there is no clear understanding of the extent and character of that growth nor any grasp of future prospects. To plan effectively, it is important to reflect on past changes to see what the future might hold if past trends continue.

To obtain an understanding of how commerce has changed between 1991 and 2003 the two authors examined commerce in the greater Cove area, inventoried commercial floor space, undertook a direct survey of all businesses and studied past indicators of commercial activity.

This study deals principally with businesses that occupy zoned commercial space. Except in general terms, it does not include home based businesses. While home based businesses are an important part of the local economy, the characteristics of those businesses requires separate examination.

While total employment in commerce is an important measure, our survey was unable to quantify both the full time and part time equivalent work force as respondents interpreted the question incorrectly. Thus this topic is worthy of a later follow up study.

The data developed by this study can be used directly in the Community Viz program, as a Chamber of Commerce resource, and as an input to future planning for the Island. The original questionnaire forms used in the commerce survey will be turned over to the Chamber of Commerce.

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## COMMERCIAL GROWTH IN THE PAST DECADE

### Total Business Listings - Telephone Book Survey

As a first indicator of commercial growth over the past decade the Bowen Goldpages phone books published by Wiltshire House Publishing for 1991 and 2001 were reviewed to determine the number of business phones listed in the “white pages”. This tabulation includes all phones that indicate a business of any kind, no matter where located. Those which indicate a home based business may not necessarily use a business phone and simply list their home phone as their business phone. These businesses may be full time or part time endeavors; there is no way of knowing. What is clear however is that these businesses are there to serve the needs of Bowen Islanders.

In 1991 there were 105 business phone listings of all kinds in the “white pages” of the Goldpages local phone book. By 2001 the number had risen to 353. At the back of the 1991 and 2001 Goldpages are found the “yellow pages”. There were 91 commercial advertisers listed in the “yellow pages” in 1991 compared to 250 in 2001. In percentage terms, there has been a 236% growth in all business listings and a 175 % growth in “yellow pages” listings over the past ten years.

The types of businesses increased in step. In 1991 the advertising section of the “Gold Pages” had 46 categories of businesses listed; by 2001 the number of categories had grown to 104. Increases in all three categories are indicated in the following table and the accompanying chart together with population growth from 1991 to 2001. Two estimates of the Bowen 2001 population are indicated: B.C. Statistics at 3271 and the Population study prepared by B. Howlett which indicated a figure of 3800 as a “low” estimate.

Table One: Growth in Total Bowen Phone Book Business Listings

	<u>1991</u>	<u>2001</u>	<u>Increase</u>	<u>% Incr.</u>
Total businesses	105	353	248	236%
Total Advertisers	91	250	159	175%
Total Advert. Categories	46	104	58	126%
Population growth (B.C. Stats.)	2065	3271	1206	58%
Population Growth (Pop. Study)	2065	3800	1735	84%

## COMMERCE IN 2003

There has been substantial growth in commerce on Bowen Island over the past decade. For example, Cates Hill Corner had just begun and Artisan Square did not exist ten years ago.

This study has used three ways to approach changes in the Bowen Island business sector. First, the total number of businesses over time is examined. This can best be done by checking past and current phone books to see the type and magnitude of change. Second the square feet of commercial space was inventoried to ascertain increases over time. Third, a survey of current businesses was undertaken to determine current characteristics and portents for the future.

There are some businesses that do not fall into any of the three categories. For example, businesses that have an off-Island clientele (such as some engineers, architects and other consultants with an off-island clientele) who's livelihood does not depend on Bowen and thus do not advertise locally. This study captures those listed in the "white pages" of the phone book and/or who occupy local commercial space.

As Bowen has grown in population the types of commercial activities have broadened as well. Because of Bowen's limited population what would have been commercially impractical a decade ago has now become more economically viable. As examples, the island now supports a flower shop, several restaurants, a movie rental firm, a lawyer's office, a private school, a dentist, a wellness centre and many others, all of which have been established over the past ten years in step with the Island's population growth.

### Estimate of Home Based Businesses

Home based businesses on Bowen are many and varied. Although this report is principally concerned with businesses located in business sites some indication of the types of home based businesses was gleaned from the phone book survey.

Home based businesses are of many different kinds. Among those listed in the phone book are bed and breakfasts (which provide an important accommodation surrogate as Bowen has no commercial accommodation such as an inn or hotel), backhoe operators, local construction companies, animal grooming, music teachers, arborists, woodworkers, water services, therapists, architects, accountants, psychologists and others.

The number of home based businesses can be approximated by taking all businesses listed in the Gold Pages phone book and deducting the total number of businesses that were given forms during the commercial survey of August 2003. Survey forms were only distributed to businesses in the Cove, Cates Hill Corner, Artisan Square and a few that extend beyond those areas. The total number of businesses of all kinds that were listed in the phone book in 2001 was 353. The total number of businesses contacted during the

commercial survey was 81. However, there were some businesses that were closed or could not be contacted. The number not contacted is estimated at 9, thus the total number of businesses occupying commercial space is about 90, and thus the total number of home based businesses is approximately 250 to 260.

#### Other Sources

As part of the Population Study prepared by Bruce Howlett, Telus provided a report on the number of business phones in 2003. At that time there were 260 business phones on Bowen. By calculating backward, there were about 245 business phones in 2001. Many of these phones are located in enterprises within commercial buildings. Also, these phones would include government agencies, institutions and other non-business listings, thus there is no direct comparison with the number of home based businesses and business telephones. In sum, it is estimated that there were about 353 businesses of all kinds operating on Bowen in 2001 either in commercial buildings or at home, all of which cater in whole or part to the Bowen population

#### StatsCan Data

Corporate tax data from the Statistics Division of the Canada Customs and Revenue Agency. This data does not distinguish between location (home or commercial space) or the industry category. This data was selected because almost all enterprises operating in commercially zoned areas are incorporated. Thus the data is easily retrievable and repeatable so as to provide trends over time. This data does not reflect profitability, viability or target markets and records overall corporate sales only. The data includes sales from activities such as real estate, rentals, leases, mercantile sales, hospitality sales accommodation sales, etc.

Two measures were provided: (1) total corporate T2 tax returns filed from a Bowen Island head office address and (2) Total gross sales revenue attributed to Bowen Island corporate addresses.

In 1991, 1996 and 2001 there were 148, 181 and 187 business T-2 tax returns filed for companies with a Bowen Island head office. Total gross revenue for those firms was \$36,500,000 in 1991, \$35,800,000 in 1996 and \$43,600,000 in 2001.

Table Two: T2 Tax Returns and Gross Sales Revenue 1991-2001

<u>YEAR</u>	<u>T2 Returns Filed</u>	<u>Gross Sales (\$ 1,000,000)</u>	<u>Average Sales per Return (\$1,000)</u>
1991	148	36.5	246.6
1996	181	35.8	197.8
2001	187	43.6	233.2

Gross corporate sales activity attributed to firms with Bowen addresses rose by 19.5% over the ten years from 1991 to 2001 (which was shared among more corporate entities

as their number had risen over the ten year period). The number of Bowen Island corporations filing T2 data rose by 39 or 26.4 % over the same period. The average gross per T2 declined by 5.8%

This data does not measure profitability. While the National consumer price index increased from 1991 to 2001 (reflected in inputs to corporate raw materials, supplies, labour, taxes, etc.) the average gross sales calculations per Bowen corporation were reduced. This data is an unrefined, but repeatable snap shot of gross sales attributed to corporations with a Bowen head office address.

#### Comment

Commerce on Bowen has grown spectacularly in some instances. The phone book checks comparing 1991 and 2001 indicate that commercial growth in the past decade has increased by 236%, or about 23.6% annually. During the same period the population grew by 43% according to census figures, or possibly near 75 or 80 % if adjustments are made to correct for undercounts in the 2001 census. (Census growth from 1981 to 1991 was 84%; from 1986 to 1996 was 88% and from 1991 to 2001 was 43%. If the “adjusted” figure is used, growth from 1991 to 2001 would have been 84%, which is more in line with previous ten year growth levels.) Not matter which population number is used however, commerce has grown substantially faster than population – approximately twice as fast.

While the number of businesses rose by 236% in ten years, the number of new corporate entities grew by only 26.4 % over the same period. This study did not obtain sales data for unincorporated business.

There is no measure of how these businesses have shared the market. Did sales increase in step with new businesses, or did the share per operator decline? There is no way of knowing. The StatsCan corporate data indicate that the calculation of average sales activity between 1991 and 2001 per corporation declined by 5.8%. This may suggest that wealth creation lags behind business population growth.

Other indicators could include businesses for sale, closures, and commercial vacancies (anecdotal information indicates commercial vacancies are quite low at present). Other indicators that were collected in a survey of local businesses include age of the enterprise and length of current ownership.

#### The Island's Total Employment Base

Commerce represents but one part of the total employment base of Bowen Island. Significant numbers are also employed by Government such as the Municipality, GVRD Parks, The Community School, the Health Nurse; Fire; Police; Ambulance, Bus and others. In addition there are those employed by private institutions such as private schools, the CNIB, Rivendell, the Recovery Centre: other commerce such as the water taxi, Bowen taxi and more. Those sectors are not dealt with in this report. In addition,

there are those that operate a business from their home with an off-island clientele. These businesses therefore do not advertise locally and their numbers are unknown.

In all, these employees coupled with those in the commercial sector, represent a rich and growing economic and employment base for the community. There is no doubt that employment in all sectors will grow along with increases in population, engendering their own demands for public and private services

## **COMMERCIAL FLOOR SPACE**

### Commercial Floor Space - Past to Present

A gross indicator of commerce in the greater Cove area is the amount of floor space occupied by all enterprises. This figure was derived by calculating the “footprint” of each building and multiplying by the number of floors. All buildings in the Cove below Dorman Road were ground surveyed in the past few years by the firm of Morgan Stewart and scaled drawings were available.

Growth in commercial floor space since 1991 has been located almost exclusively above and beyond Dorman RD. at Cates Hill Corner and Artisan Square. The owners and managers of both were generous enough to provide plans of their buildings from which square feet could be calculated. In calculating the actual amount of commercial space, the areas used in commercial buildings for residential purposes were deducted.

Following acquisition of the floor area data information the “footprints” of all Cove buildings will be digitized and entered into the Community Viz data bank.

### Growth in Commercial Floor Space Since 1991

There has been a strong growth of commercial floor space in the past decade. Most, but not all of space in commercial buildings erected since 1991 is exclusively commercial. A small number of residential units are found in some of these new buildings as well. The amount of floor space for commercial uses exclusively is calculated to amount to about 53,000 square feet in the Cates-Artisan area.

## **SURVEY OF BOWEN BUSINESSES IN 2003**

In an effort to gain some understanding of the present commercial make up of business in the greater Snug Cove area and beyond the authors undertook two surveys. First, a simple count of the number of businesses was obtained by visiting each building in the greater Cove area, determining the number of businesses and the number of floors present. Second, a business questionnaire survey of all businesses in the Cove and beyond was undertaken to ascertain current employment; when the business was established; percentage estimates of Bowen and off-Island customers; business forecasts and other issues. A copy of the survey form can be found in Appendix “A”. The survey

form was reviewed of the Chamber of Commerce before its release. The Chamber was pleased and encouraged by the proposed survey. In all, 90 forms were distributed and returns were received from 81 (a 90 % return rate)

Not all businesses responded to the survey and of those that did, not all questions were answered, thus the totals vary among the topics surveyed.

### Survey Results

#### Year Business Established

The first survey question asked what year the business was established (independent of who owns the business at present). Fifty-eight businesses responded and the results are tabulated below:

	YEAR ESTABLISHED				
	<u>2000-2003</u>	<u>1995-1999</u>	<u>1990-1994</u>	<u>before 1990</u>	<u>Total</u>
Number	14	15	14	15	58
Percent	24	26	24	26	100
Total Years	3	8	13	13+	

The most remarkable finding from this question is that 50% of the businesses surveyed were established either during or after 1995.

#### Length of Time under Current Ownership

The next survey question asked how long the business had been under the current ownership. There were 62 responses and the results are tabulated below.

	<u>Under One</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>11 - 14</u>	<u>15 or more</u>	<u>Total</u>
Number	9	19	17	8	9	62
Percent	15	30	27	13	15	100

A remarkable indicator of entrepreneurial spirit on Bowen is the number of businesses less than one year old – nine businesses, or 15% of the total. About 45% of current ownerships have been in business for five years or less. The reasons for this are unclear but several forces are likely at work: new commercial development at Cates Hill Corner and Artisan Square (which added about 53,000 square feet of commercial floor space);

diversification and expansion of the number and types of businesses; new entrants into the business world; and population increases that averaged about 8% annually over the past decade.

### Commercial Employment

The third question dealt with the number of employees, both summer and winter. Not all respondents understood the question correctly. The number of part time employees reported did not reflect the full time equivalents, thus only full time employment is reported.

Employees	<u>Summer</u>	<u>Winter</u>
Full time	130	97

### Square Feet the Business Occupies

Fifty four businesses responded to this question, which represents 66% of the total returned. The totals indicate 18 (33%) had less than 500 square feet; 15 (28%) had between 500 and 1000 square feet; 10 (19%) had between 1000 and 2000 square feet and 11 (20%) had over 2000 square feet.

### Customers

All businesses were asked to estimate what percentage of customers were from Bowen and what percentage were visitors. The results indicate a heavy reliance on local customers

More than half (55%) of respondents said that over 80% of their business came from locals. Only 2 (4%) of Bowen businesses indicated that over 80% of their business came from visitors. Looking at the data more broadly, 86% of the businesses responding said they got more than half of their business from locals.

It is clear that visitors are not nearly as important to Bowen businesses as local patrons. While important to a few, the vast majority of businesses are highly dependent on Bowen residents for their trade.

### Forecast of Business Change in Next Five Years

Respondents were asked to forecast change for their business over the next five years. They were asked if business would (1) decline; (2) stay the same; (3) grow+; or (4) grow++. While these are qualitative judgments they do indicate local business's prospects for the future.

About 70% responded to the question and a great deal of optimism was expressed. Of the total, 21 % indicated good growth (++); 61% indicated some growth (+) and only 18% said things would stay the same. Nobody indicted their business would decline. In the Bowen entrepreneurial world, there is a general sense that business will improve.

### Factors Influencing Forecast of Growth

To ascertain what factors influenced their growth forecast, a lengthy set of topics was listed and the respondents were asked to rank their importance. The topics ranged from “tourism” and “taxes” to “Lower Cove Parking” and “Golf”. A full listing can be seen in question 7 of Attachment “A”.

The results were so varied that no one listed item stood out clearly from all others. Topics ranked highest in importance in influencing their business forecast were (in descending order) tourism, taxes, the Snug Cove Plan, accommodations, the Lower Cove, and density. In order, those that ranked second in importance were accommodations, density, taxes, government and tourism.

The least important issues affecting business forecasts (in ascending order) were: green house gas, a performance/cultural centre, police, the Lower Cove (biased to the low side by responses from Artisan Square) and government. Next lowest of concern were recreation, the bus, the performance/cultural centre, zoning and the Snug Cove Plan.

Clearly, issues that concern some businesses do not concern others. For example, for some tourism is important, for others it doesn't matter. In general, greenhouse gas, police, and government are of much less concern; taxes, accommodations and density are of more concern. Differences of emphasis were different for some items if the business was located in the Cove or in Cates or Artisan (parking for example). However, there was certainly so wide a variety of responses that no single topic stands out clearly from the others.

### Responses Indicating “Other”

Responses to the question of “other” (either in addition to those questions listed or simply independently) covered a wide range of topics. By far the most frequent item listed was “population” where the respondents indicated that their business was strongly related to Bowen's population growth. The second mentioned item was real estate trends (which are in part population related). Beyond those there was no consistent concern with comments ranging from ferry concerns in the Lower Cove to the golf course, marketing, a recreation centre, their market was not Bowen related, and others.

### Growth Ratio

The growth in square feet of commercial floor space over the past decade has been almost entirely in the Cates/Artisan area has amounted to about 53,000 square feet.

Local store vacancies in late 2003 represent a time when all commercial space is virtually filled to capacity. Total commercial space is estimated to be about 129,000 square feet. Assuming that the Bowen population has grown to about 4,000 by 2003, the ratio of commercial space per capita would be about 32 square feet.

Over the same period, again assuming a 2003 population of 4,000, the population would have grown by about 1,935 over the period from 1991 to 2003. During this period, commercial floor space increased by about 53,000 square feet, thus the increase per capita would have been about 27 square feet per capita taking the Cates/Artisan area alone. More conservatively, if the 2003 population is assumed to be 3800, then growth would have been 1735 over the past ten years and the growth ratio would have been 30.5 square feet per capita.

Because some growth has also occurred beyond these two areas, the growth ratio for commercial space would be larger. Future ratios should be in the vicinity of 30 to 32 square feet per capita dependent on several factors: the diversity and number of commercial enterprises generally grows faster than population; if steps are taken by the Municipality to encourage growth in non-commercial land uses (density transfer, creation of another commercial centre on Bowen, more visitation to Crippen and other recreation sites on Bowen) then the ratio could be higher. Indeed, as the amount of on-island employment increases, that very employment will infer a second round of commercial growth to meet their needs.

## PLANNING FOR COMMERCE

From a planning perspective, the most important aspect of commercial growth is those businesses that require commercial floor space. Such businesses generally locate in clusters, or centers, where there are advantages in cost, access and proximity to others through the gathering of commercial enterprises together.

For the future, the question is simply to estimate how much more commercial land will be needed to accommodate growth and where that land should be located. An estimate of the amount of land needed will depend on planning policies concerning the ratio of commercial floor space to lot size (FSR), on-site parking requirements; allowable commercial density, mix of residential and commercial uses and the location(s) selected.

Based on predications of future population growth, and relying on past experience together with the knowledge of what has occurred over the past decade it should be possible to determine the approximate amount of new commercial space that will be needed. With that data in hand the primary issue is where that growth should occur.