

Evaluating the Metro Vancouver Region on International Tech Firm Investment Priorities

An evidence-based strategy for investment attraction requires understanding how firms evaluate potential locations. Yet, many of the largest multinational enterprises work with global consultancies to select locations, and rarely explain their decision-making process. To gain insights into the criteria that influence these location decisions, Invest Vancouver worked with KPMG, one such provider of site selection services. In short, firms care most about access to suitable **talent**, followed by the presence of a **cluster** and a supporting ecosystem, the potential **return on investment**, and the **ease of doing business**. The Metro Vancouver region scores favourably on these investment factors.

Talent is the top priority in investment decisions

The region's talent pool is one of its key assets, and access to high-quality talent is the primary reason multinational firms chose to invest in the region and, in some cases, further expand. Invest Vancouver interviews with senior executives of technology firms with operations in the region consistently confirm the attraction of the region's highly skilled workforce.

CBRE, a global commercial real estate services and investment firm, provides further confirmation via its Scoring Tech Talent 2023 comparison of the technology labour pool in 50 North American jurisdictions. Based on market depth, vitality, and attractiveness to companies seeking tech talent and to tech workers seeking employment, the region ranks eighth overall (and second in Canada, after Toronto).

Maintaining the region's tech talent advantage requires a steady flow of graduates from local higher education institutions and other workforce development initiatives. The favourable Canadian immigration process also helps firms fill labour market gaps. These efforts are vital for sustaining the growth in the regional tech sector.

An established cluster and supporting ecosystem signal a favorable business environment

The presence of a cluster, especially one that includes major multinational firms, implies the availability of necessary business inputs and resources. In the Metro Vancouver region, concentrations of firms are evident in multiple technology industries, including motion picture production, animation, gaming, software, aerospace, networking, telecommunications, and semiconductors. Additionally, firms in the region's high technology sector benefit from a robust innovation ecosystem that includes educational institutions, research institutes, accelerators, industry associations, and government support.

Maximizing potential return on investment is a priority for firms

Cost considerations are fundamental in any discussion of location decisions. The reasonable cost of inputs in the region, especially wages, along with government incentives, work in favor of attracting multinational enterprises. The cost of doing business in the region is attractive, particularly for companies in high-cost locations requiring a talented workforce and seeking strategic locations with relatively low labour costs. Compared to US technology hubs like Silicon Valley and Seattle, the Metro Vancouver region offers access to high-quality talent at more competitive rates (see table on page 2).

Average annual operating costs for a representative technology firm (USD millions, 2023)

Jurisdiction	Labour cost	Office cost	Total costs
San Francisco Bay Area	\$74.7	\$4.2	\$78.8
Seattle	\$59.3	\$2.7	\$62.0
Los Angeles/Orange County	\$53.3	\$2.6	\$55.9
Calgary	\$37.5	\$1.3	\$38.9
Toronto	\$36.0	\$2.1	\$38.1
Vancouver	\$35.1	\$2.4	\$37.5
Edmonton	\$32.6	\$1.5	\$34.1
Montreal	\$32.2	\$1.6	\$33.9

SOURCE: SCORING TECH TALENT CBRE REPORT (2023).

Estimated one-year company costs based on an office space of 60K square feet, with 500 employees using metro area office costs.

However, the region compares less favourably for firms requiring industrial space, due to the high market prices and low vacancy rates.

The ease of doing business matters to firms

Firms making location decisions behave like consumers. They are more likely to favour regions that smooth out regulatory hurdles and provide a seamless and expedited path, since the sooner a business is up and operating, the sooner it generates revenues and profit. Thus, they rationally prefer jurisdictions with short, guaranteed permitting processes to those with lengthy, uncertain ones. The Province of BC and other governments in BC are making progress in implementing business-friendly policies, efforts in this area could improve the region's chances of attracting investment in the technology sector.

The Metro Vancouver region is not an obvious location choice for many international technology firms

Yet, despite clear benefits as a potential location, many international technology firms do not place the Metro Vancouver region at the forefront of their expansion plans. The large and growing technology sector notwithstanding, the region is still better known internationally as a tourist destination. To the extent that site selection is like a job search, many firms never even review the Metro Vancouver region's resume. Firms that overlook the region may have an incomplete understanding of its capabilities. Building a reputation takes time, and the region's technology industries have only recently risen to prominence. Nonetheless, many multinational enterprises have recognized the

region's value proposition. This is particularly true among firms working in areas in which the region's specialized expertise puts it among the global leaders, such as hydrogen fuel cells, animation, and media production.

For successful investment attraction, more international technology firms need to include the Metro Vancouver region on their respective short lists of possible expansion locations. Raising the profile of more specializations in the technology sector might lead firms to consider the region's comparative advantages and not just its scenic landscapes.

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Learn more about Invest Vancouver and its new Tech Sector Report

This report spotlight is part of Invest Vancouver's comprehensive report, "[The Metro Vancouver Region's High-tech Engine: Boosting the Economic Landscape](#)." Invest Vancouver is the economic development leadership service for the Metro Vancouver region.

Interested in learning more or investing in the region? Contact info@investvancouver.ca