

Abbotsford BIA Commercial Profile 2006



Figure 1
BIA Boundaries



Abbotsford BIA Commercial Profile

The Abbotsford BIA has at its heart Historic Abbotsford, filled with a strong mix of retail, finance, and service-based businesses in a pedestrian-friendly shopping environment. This BIA is a multi-sided polygon, see Figure 1, which geographically reaches Walnut Avenue to the north, Old Yale Rd. to the East, McDougall Avenue to the South, and McCallum Rd on the Western boundary.

This report provides an analysis of the commercial activities for the 273 businesses in the BIA; including a 2006 profile, age of business, growth, and changes between 2001 to 2006. All of these sections are compared and contrasted with the City and Metropolitan areas of Abbotsford.

The results can be used by existing businesses for business to business (b2b) opportunities. Businesses outside the BIA can identify growing BIA sectors to target as their clients and establish new business relationships. This report can also be used with a Neighbourhood Market Profile, available from the Abbotsford BIA, to assess market opportunities for BIA businesses.

The first section of this report gives a quick overview of the BIA's real estate environment. Lease rates, vacancy rates, age of buildings, zoning requirements and investment tax incentives are outlined in this section.

Fast Facts

- ❖ 273 Businesses
- ❖ 136 Service-based businesses
- ❖ 35 Law firms
- ❖ 5.4 % Growth from 2001-2006
- ❖ 15 New retail businesses
- ❖ 8 New restaurants
- ❖ 94% have fewer than 20 employees

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C7 properties are also limited to a maximum height of 15 meters and have relaxed parking restrictions.

Revitalization Tax Exemption

The Abbotsford Downtown Business Association (ADBA) was successful in developing with the City of Abbotsford a Revitalization Tax Exemption. Property owners who invest a minimum of \$100,000 in an improvement on a BIA property will get a break on a graduated scale over 5 years on the increased property taxes that result from the investment.

Buildings

Buildings range in age from 1912 to 2007. The vast majority of older buildings date back to 1930's, 40's and 1950's, with a few left from the 1920's. In the past three years, more than 34 older commercial buildings (properties) have been revitalized. In the past 12 years, 4 new buildings have been built, 2 of these in the past 3 years. Currently, 2 new buildings are being constructed and there is keen interest in more construction for the next 5 years.

As this report is written, February 2007, there are four spaces available for lease in the Downtown BIA ranging from \$12 to \$14 per sq. ft. Operating costs for these spaces range from \$4.50 to \$5.50 per sq. ft. There is also a new retail strata building that will soon be available on Montrose Ave. with expected lease rates ranging from \$14-\$16 per sq. ft.

Business Mix

The typical business in the Abbotsford BIA is a service or retail business that is a law firm or serves food. Like most businesses in Abbotsford, the average business in the BIA has fewer than 5 employees and has been in business for less than 3 years.

Sector Analysis

Like most local economies in the lower mainland, the majority of the businesses in the Abbotsford BIA are **service**-based (50%). Next is the **retail** sector with 30%, then **finance, insurance, real estate** (FIRE) with 5%.

The second section of this report outlines the Business Mix for 2006. This section starts with a look at which industries or sectors are dominant within the BIA. We then outline the sub sectors for these industries and finally which types of businesses are most common in these sub sectors. These levels are compared and contrasted with the City of Abbotsford and the Metropolitan area of Abbotsford for similarities and differences.

The next couple of sections take a brief look at the distribution of businesses by size and the age of the business in the Abbotsford BIA. Comparisons are made with the City and Metro areas of Abbotsford.

Lastly, changes in the BIA business mix between 2001 and 2006 are examined. The same approach that was used in the Business Mix section is used in this analysis. Industries or sector comparisons are analyzed which are then broken down into their sub sectors then most popular businesses.

Real Estate

Zoning

In 2003 the majority of commercial properties in the BIA were converted to Downtown Abbotsford Commercial C7. C7 properties are restricted from operating the following businesses: bankruptcy or liquidation sales, cheque cashing and personal loan services (other than those regulated by the Financial Institutions Act), collection depots, and thrift stores.

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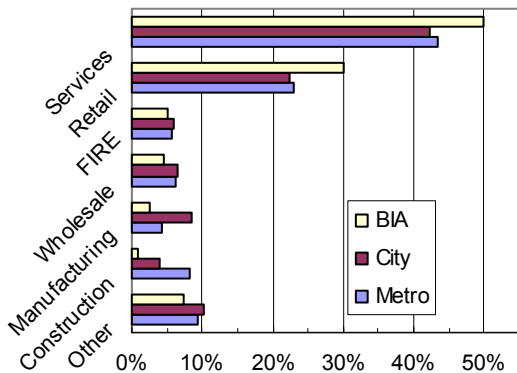


Looking at Figure 2 below, the BIA has a more **urban mix** of industries than the City or Metro areas. There is a significantly higher percentage (50% vs 43%) of service-based businesses in the BIA compared with the City of Abbotsford or Metro Abbotsford. The BIA also has a higher percentage of Retail (30% vs 23%) compared to the City or Metro areas. On the other hand, the City has a higher percentage than the BIA for manufacturing (8% vs 1%), while the Metro area has a higher percentage of construction than the BIA (8% vs 3%).

Note:

In Figure 2 below, the Finance, Insurance, and Real Estate industries are represented by the acronym **FIRE**. The “Other” category includes: agriculture, mining, transportation, communication, and public administration.

Figure 2
BIA Industry Share



Source: Reference Canada
Prepared by: Small Business BC

Service Sector

The service industry dominates the BIA, close to 50% (136) of the businesses are service-based. The **sub-sectors** that make up this industry include **legal, personal, business, and social** services. Thirty-five **lawyers** in the BIA make **legal services** the largest sub sector and business type. The second largest service sub sector is **Personal Services** with 22 businesses ranging from beauty salons and barbers to photographers and shoe repair, 12 were **beauty salons or barbers**.

The 3rd and 4th largest service sub sectors are **business** and **social** services. There are 12 businesses providing services to other businesses such as employment agencies, janitors, notaries, paging, and security services. There are also 12 community-based offices providing social services such as meals on wheels, food banks, senior associations, family counselling, and addiction resources.

Table 1
Business Count by Industry

Industry	BIA		City		Metro	
	Count	%	Count	%	Count	%
Agriculture	0	0%	151	3%	164	3%
Mining	0	0%	3	0%	6	0%
Manufacturing	2	1%	471	8%	292	4%
Construction	7	3%	227	4%	495	8%
Transportation	5	2%	226	4%	224	3%
Wholesale	12	4%	368	7%	403	6%
Retail	82	30%	1,254	22%	1,507	23%
FIRE	14	5%	340	6%	376	6%
Service	136	50%	2,355	42%	2,840	44%
Public Admin.	15	5%	185	3%	220	3%
Total	273		5,580		6,527	

Source: Reference Canada
Prepared by: Small Business BC

Retail

Retail is the **second largest** industry in the Abbotsford BIA representing 30% (82 businesses) of the BIA's 273 businesses. The majority (67%) of the retail stores in the BIA are classified as **miscellaneous** (30 businesses) or **eating and drinking places** (25 businesses). Other retail categories relevant for the BIA include: **apparel & accessories** (11 businesses), **furniture & home furnishings** (8 businesses), **food stores** (6).

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In 2006 there were **30 miscellaneous retail** stores which were distributed over 21 different types of retailers including jewellers, sporting goods, gift and fabric shops, and antique dealers among others. There were **25 eating and drinking places** in the Abbotsford BIA, 17 were restaurants while the others were coffee shops and caterers.

Sub Sector Analysis

As mentioned above, the BIA has more of an urban mix compared to the City and the Metro areas. **Legal, retail, and eating/drinking places** make up the top three sub-sectors compared to the City and Metro areas where the **health services, construction, and eating/drinking** sub-sectors make up the largest business populations. The top 10 sub-sectors for the BIA make up 70% of BIA businesses while these categories only represent 39% for the City and 38% for the Metro area.

**Table 2
Top Abbotsford Sub-Sectors**

Industry	BIA		City		Metro	
	Count	%	Count	%	Count	%
Legal services	35	13%	169	3%	204	3%
Misc. retail	30	11%	259	5%	313	5%
Eating and drinking	25	9%	348	6%	437	7%
Personal services	22	8%	234	4%	215	3%
Social services	22	8%	143	3%	194	3%
Government	14	5%	185	3%	211	3%
Business services	12	4%	251	5%	258	4%
Membership org.	12	4%	209	4%	270	4%
Apparel & acces.	11	4%	77	1%	88	1%
Wholesale, durable	9	3%	251	5%	274	4%
Total	273	70%	5,426	39%	6,527	38%

Source: Reference Canada
Prepared by: Small Business BC

Business Size

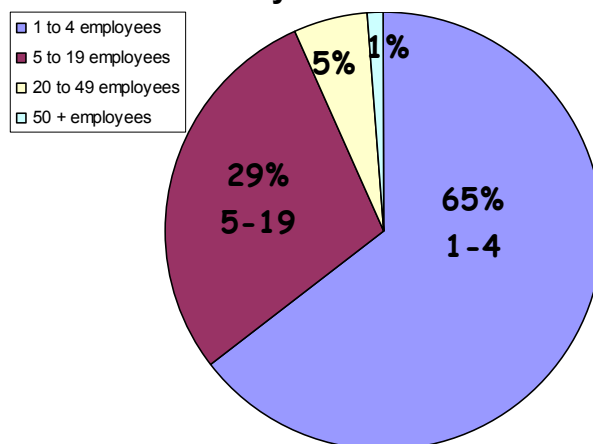
Like most businesses in the province, the majority of the businesses in the BIA are **micro businesses**, firms having fewer than 5 employees. The Abbotsford BIA, however, has a higher concentration (65%) of micro businesses compared to the City or Metro areas of Abbotsford (57%).

In BC, **small businesses** are defined by those businesses with fewer than 20 employees. **Ninety-four percent** (257 businesses) of the BIA businesses have fewer than 20 employees, compared to the City or Metro areas where 90% of the businesses are small.

Medium-sized businesses are those between 20 and 49 employees. The BIA has a smaller percentage (14 businesses) of medium-sized businesses than the City (6%) or metro area (7%).

If you combine these categories of fewer than 50 employees, commonly called **small and medium-sized enterprises** or **sme's**, 99% of the businesses in the BIA are sme's compared to 97% for the City and Metro area.

**Figure 3
BIA Businesses by Size**



Source: Reference Canada
Prepared by: Small Business BC

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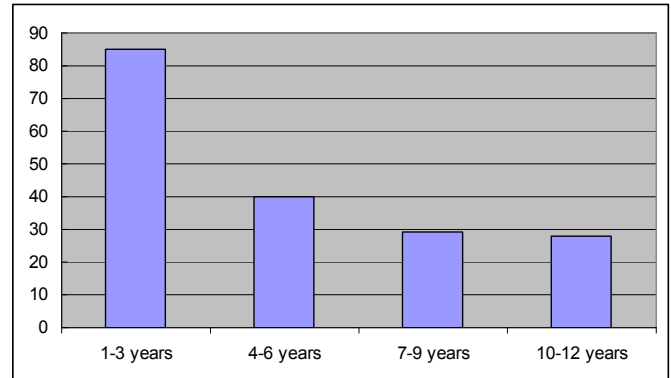


Age of Business

The number of businesses by age is related to the age of business and the hazard or failure rate. The greatest number of businesses is in the first year due to new businesses starting. Not all of these businesses will survive to the next year due to lack of resources and unexpected cash-flow management issues. The second year of business has a lower number of businesses than the first year because of the first-year high failure rate. The third year will be lower than the second but at a slower rate due to the lower hazard rate for second year businesses. The fourth will be lower than the third but again at a slower rate due to the lower hazard rate for the third-year businesses. This continues until the failure rate **approaches** zero, usually by year 9.

jewellers, laundries, massage therapists, notaries, and restaurants among others.

Figure 4
BIA Businesses by Age Group



Source: Reference Canada
Prepared by: Small Business BC

Change in Business Mix 2001-2006

More businesses started than closed over the 5 year period in the Abbotsford BIA resulting in a net growth of 5.4% (14 businesses). The net number of businesses in **retail, finance, insurance, real estate** (FIRE), grew while those in the manufacturing, wholesale, and the service sectors declined. Retail led the way with an additional 15 businesses while public administration and FIRE sectors had net increases of 10 and 4 businesses respectively. The largest net reduction was in service-based businesses where the number dropped by 10 companies. Manufacturing shrunk by 4 businesses while there was one less wholesale company by 2006.



The Abbotsford BIA has an interesting mix of new and older, well established businesses. Typical of most economies, the greatest number of businesses in the BIA are 3 years or younger (85 businesses). There is also a significant number (78) that are 15 years and older. Both young and older companies include a broad spectrum of business types. Some of the new businesses include: attorneys, beauty salons, clinics, construction, gift shops, health & diet foods, insurance agents, massage therapists, photographers, and restaurants. Businesses that are 15 years and older include: accountants, attorneys, auto repair, banks, barbers, beauty salons, bridal shops, child care, credit unions, construction, grocers, hotels,



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Retail Sector

The retail sector includes a number of sub-sectors relevant for the Abbotsford BIA: eating/drinking places, apparel & accessories, furniture & home furnishings, miscellaneous retail.

Of the 15 net additional businesses within the retail sector, the **sub-sector “eating/drinking places”** (restaurants, coffee shops, caterers, pubs, and night clubs) reported the greatest increase with **8 additional businesses**. All of these new businesses were **restaurants**. The next big contributor to growth for retail was the **apparel & accessory** sub-sector with **5 new businesses**. This group consists of bridal shops, dress makers, and women’s apparel, 3 of the new businesses for this group were **women’s apparel** stores.

Fire, Insurance, & Real Estate (FIRE)

This group grew by 4 businesses and consists of depository institutions (banks, credit unions, and cheque cashing), non-depository credit institutions (lending, financing), insurance agents, real estate related businesses, holding companies and investment businesses.

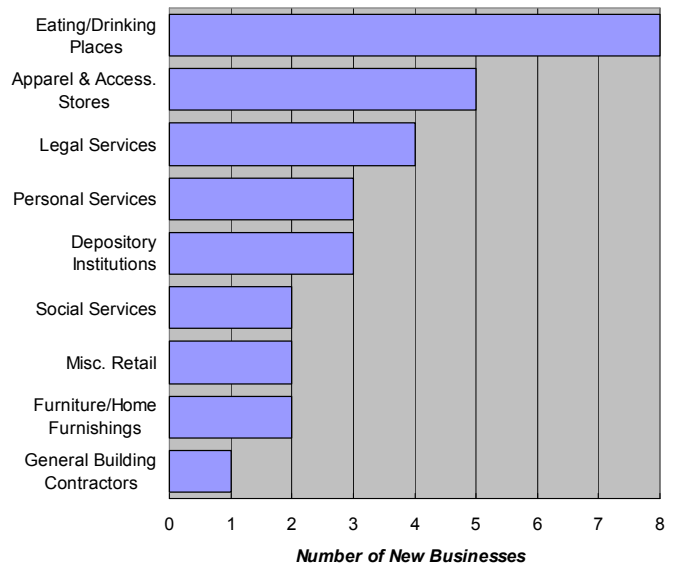
Service Sector

While some service sub-sectors grew, more shrank. This sector had 10 fewer businesses over the period and included a wide variety of sub-sectors: health, miscellaneous repair, business services, amusement/recreational services, and membership organizations.

Legal (4 additional businesses), **personal** (3 additional businesses), and **social services** (2 additional businesses) were three groups that grew in this sector.

Two sub-sectors that shrank (each with 6 fewer businesses) are **health** and **membership organizations**. In the health sector, **chiropractors** and **psychologists** left the BIA over the period while mainly **churches** left the downtown BIA in the membership category. **Miscellaneous repair services** reported a net reduction of 4 businesses for the period. The type of services in this category include: refrigerator repair, lawnmower repair, upholstery, TV and radio repair.

**Figure 5
BIA Business Growth 2001-2006**



Source: Reference Canada
Prepared by: Small Business BC