RENEWED LIFE FOR GASTOWN: AN ECONOMIC CASE STUDY
AND EVALUATION OF COMMERCIAL REHABILITATION
IN THE OLD GRANVILLE TOWNSITE,
VANCOUVER, B. C.

by
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B. Comm., University of British Columbia, 1966

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
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Commerce and Business Administration

We accept this thesis as conforming to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA

December, 1970
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Date December 4, 1970.
ABSTRACT

Rather than aging gracefully, the majority of the cities of North America have been assailed by a chronic disease which has produced deterioration, decay, and obsolescence of portions of their central core. In most cases, the centre of this decay has been the oldest, historic sections of the city. Many of these cities have reacted to the premature death of these areas with harsh and disruptive methods—the offending buildings have been torn down to be replaced by dismal public housing developments, or impersonal glass and steel skyscrapers.

However, a counter-reaction has gained force in recent years, and has succeeded in some cities in slowing and even completely halting the spread of "bulldozer renewal." This new philosophy maintains that the charm and uniqueness of the old sections of the city must be preserved in order to maintain the diversity and vitality of the downtown. The most successful method of saving these districts and individual structures has been to renovate and revitalize them so that they are again economically and structurally sound. This process is known as commercial rehabilitation.

Vancouver, British Columbia, has felt the influence of both of these forces—decay of its oldest districts and commercial rehabilitation. Gastown (the Old Townsite), the
birth place of the city and the site of its oldest structures, has been neglected and allowed to decay to such an extent that, by 1940, it had become the centre of the city's skid road. However, since 1968 various groups have undertaken the rehabilitation of the area and have turned it into a rapidly expanding commercial district.

The basic objective of the thesis is to examine in detail the economic situation in Gastown in order to isolate the trends and forces which have shaped its development, particularly as related to commercial and real estate investment in the district. Based upon these findings, implications for the future of the Old Townsite are then suggested.

The assumption upon which the investigation is based is that Gastown will be able to expand and prosper as a commercial district in which customer appeal is based upon historic charm. In order to test this, two hypotheses are formulated:

1. The area defined herein as "Gastown will be economically viable as a retail-entertainment-restaurant district in which customer attraction is based upon the unique appeal created by historic and commercial rehabilitation activities; and

2. Gastown, as a retail-entertainment-restaurant district, will not be merely a short-term phenomena, but rather, the functional changes presently taking place will survive and prosper over the long run.
Three major research techniques are employed. First, an extensive literature search is used to determine the theory and practice of commercial rehabilitation and to obtain a limited amount of data about the economic situation in Gastown. Second, a questionnaire study is conducted to produce information about the operating results of those retail firms located in the study area that are considered to be compatible with the character of an historic district. This data is evaluated in relation to comparable industry standards in order to determine the economic health of these firms and is also employed as a basis for prediction of future trends in Gastown. Finally, an unstructured personal interview technique is employed to obtain economic data from persons generally recognized as leaders of the business community in the Old Townsite.

With one exception, the research findings are found to be supportive of the hypotheses. It is determined that pronounced changes in land use have occurred over the past give years but that the major functional changes related to rehabilitation activities have taken place only since October 1969. Total sales volume for all businesses adjudged to be compatible with the character of a rejuvenated Gastown is estimated to be $5.5 million in 1970 and $11.6 million in 1971. However, there is a disportionate number of very small merchants operating in the Old Townsite with the result
that 12 percent of the businesses account for 80 percent of total sales volume in the area. In general, only the large-scale, experienced operators are attaining a reasonable return on investment. The prediction is made that a high proportion of business failures will occur among the small retailers and that future additions to the Gastown business-mix will consist almost entirely of large-scale firms. The analysis suggests that the opportunity exists for a reasonable rate of return on both speculative and long term investment in Gastown real estate.

Even though one of the supporting criteria to the retail-entertainment-restaurant definition is found to be unsound, the hypotheses are considered to be valid.
ACKNOWLEDGMENTS

Assistance and information for the preparation of this thesis was provided by many individuals. I would like to take this opportunity to express my appreciation:

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To my wife, for moral support and understanding.
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CHAPTER I

INTRODUCTION AND CONCEPTUAL FRAMEWORK

The old buildings [of Gastown] are being restored and as the whole area is gradually reoccupied, it will be possible for the first time to answer vital questions. 'Where did Vancouver come from?' and 'Why is it this way; what was the spirit that gave us birth?' These are questions that can be answered only by a willingness to accept and know the past; the resurgence of Gastown is the symbol of that willingness.

Commercial Rehabilitation and Gastown

Rather than aging gracefully, the majority of the cities of North America have been assailed by a chronic disease which has produced deterioration, decay, and obsolescence in portions of their central core. In most cases, the centre of this decay has been the oldest, historic sections of the city. Many of these cities have reacted to the premature death of these areas with harsh and disruptive methods—the offending buildings have been torn down to be replaced by dismal public housing developments or impersonal glass and steel skyscrapers.

However, a counter-reaction has gained force in recent years, and has been successful in some cities in slowing
and even completely halting the spread of "bulldozer renewal." This new philosophy maintains that the charm and uniqueness of the old sections of the city must be preserved in order to maintain the diversity and vitality of the downtown. The most successful method of saving these districts and individual structures has been to renovate and revitalize them so that they are again economically and structurally sound. This process is known as commercial rehabilitation.

Vancouver, British Columbia, has felt the influence of both of these forces—decay of its oldest districts and commercial rehabilitation. The birthplace of the City and its oldest structures are located in and around District Lot O.G.T. (Old Granville Townsite), which is popularly known as "Gastown." This area had been neglected and allowed to decay to such an extent that it became the centre of the City's "Skid Road." However, for the past two years, various groups have undertaken the rehabilitation of Gastown. They have renovated and restored a number of the buildings located there so that:

warehouses and flophouses have become boutiques and disclotheques. False fronts are being ripped off old buildings to reveal striking stone and masonry work for new restaurants, art galleries and a Sunday-only flea market. It's not a re-growth yet...but the seeds are planted.
Definition of the Topic

The rebirth of Gastown is a contemporary phenomena, which has proven to be of tremendous interest to the general public. Shoppers and sight-seers have flocked to the area and, since mid-1968, Vancouver's newspapers have published numerous articles and feature stories about various facets of the activities in the Old City (see section 6 of the Bibliography). Yet, even with all of the attention that has been paid to Gastown, very little information is presently available about the economic, social, and physical situation there, and no definitive studies have been conducted to examine possible future trends in these fields.

This thesis examines the trend and strength of recent commercial development in the area in relation to the commercial rehabilitation activities that have taken place to date. The analysis attempts to determine whether, individually and collectively, the typical modern Gastown business venture is economically sound and profitable, as well as whether the area can survive over the long run if it fully develops as a commercial district in which customer attraction is based upon the unique historical and architectural charm of the area. The study is based upon and limited by the field work accomplished by a single researcher (that is, the writer) during the five month period from May to September, 1970.
The major interest and experience of the author is in the field of retailing so that, whenever possible, emphasis has been placed upon economic factors in Gastown as they relate to merchants and other retail-type businesses. Factors outside of the realm of an economic study, such as social concerns or legal matters, are beyond the scope of this thesis.

**Geographic Definition of the Study Area**

Gastown is located on the south shore of the Burrard Inlet "in the throat of the land form that connects the downtown peninsula to the lower mainland." (See Map 1). Such a general definition of the location of the study area would be satisfactory for a non-technical article (for example, a magazine feature) but it is entirely inadequate for an economic analysis of the district. An economic study must precisely define the areal boundaries employed so that a database can be built up for a specific, limited area which will allow interested parties to interpret the findings correctly.

It is evident to all those interested in Gastown that the boundaries of the district have not yet been precisely defined and are unlikely to be settled for some time. A number of Gastown interest groups have published maps which detail very different borders for the district (see Map 2), depending upon their outlook or the purpose for which the map was prepared. The borders of the Old Townsite are very
LOCATION OF GASTOWN IN RELATION TO THE CITY OF VANCOUVER

Source: See text, p. 4.
MAP 2

THE BOUNDARIES OF GASTOWN AS DEFINED BY

SELECTED AREA INTEREST GROUPS

Figure A: The Boundaries of Gastown as Defined by the Vancouver City Planning Department.

Source: Vancouver City Planning Department, "Recommendation: General Report- Gastown, Chinatown". Unpublished report, File Ref. C.36.4.2., Vancouver: City Planning Department, June 12, 1970, Illustration No. 2, "Boundaries of area for proposed interim CD 1 rezoning".

Figure B: The Boundaries of Gastown as Defined by the Community Arts Council of Vancouver.

Figure C: The Boundaries of Gastown as Defined in the Restoration Report.

Figure D: The Boundaries of Gastown as Defined by the Gastown Gazette.
indefinite and completely flexible to the point that describing a location as being on the "edge of Gastown" or "at the gateway to Gastown" is meaningless.

This situation might appear to be illogical and impractical, but before such a conclusion is drawn, the following points must be taken into account:

1. the current rehabilitation development is of very recent origin, so that even those participating in the changes cannot define exact boundaries for the area;

2. the legal and administrative aspects have not yet been finalized by the City government;

3. the various organizations that are active in Gastown support interests which are very different. These vary from the desire to protect the aesthetic appeal of the area (the Community Arts Council) to concern for the market values of lots in the district (the Townsite Committee). It is, therefore, reasonable that the different groups will each attempt to set and promote different boundaries in order to advance their individual interests;

4. the development taking place in and around Gastown will alter the borders of the area. As additional buildings are restored, the borders of Gastown will expand to include them, while redevelopment projects, such as Project 200, may cut portions out of the present area.

In order to satisfy the needs of this paper, a definition of the boundaries of Gastown was required that would contain all of the major commercial firms associated with Gastown yet would be acceptable to all Old Townsite interest groups. It was decided that the Vancouver City Planning Department's proposed boundary for interim CD-1
zoning (see Map 2, Figure A), as presented in their proposal, "General Report-Gastown, Chinatown" of June 12, 1970,\(^6\) would, with only minor alterations, provide the most suitable areal definition.

The study area that was established includes the majority of District Lot O.G.T. as well as the northwest corner of District Lot 196 and portions of blocks, 8,9,10, and 11 of District Lot 541 (see Map 3 and Table I).

**TABLE I**

**LEGAL DESCRIPTION OF STUDY AREA**

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<thead>
<tr>
<th>Lot No.</th>
<th>Block No.</th>
<th>District Lot</th>
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<tbody>
<tr>
<td>1 to 5 and E portion of 6</td>
<td>8</td>
<td>541</td>
</tr>
<tr>
<td>A and B</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>1 to 19</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>3 to 9 and A to C plus ground floor locations on West Cordova of 1 and 2</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>7 to 13</td>
<td>1</td>
<td>O.G.T</td>
</tr>
<tr>
<td>1 to 15</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1 to 8</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>7 west half and 8</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>A and B of 9 and 10 and 1 to 8</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1 to 16</td>
<td>1</td>
<td>196</td>
</tr>
<tr>
<td>1 to 11</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>9 to 16 and 27 to 30</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>1 to 11 including section of C.P.R. right-of-way and 23 to 28</td>
<td>7</td>
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Source: See text, pp. 8-12.
MAP 3

THE BOUNDARIES OF GASTOWN AS DEFINED IN THE STUDY

Source: See text, pp. 4-12.
The relevant points that should be noted about the area definition and the changes made in the City Planning Department boundaries of Gastown are as follows:

1. The area encompasses the two major areas of Gastown (The West Townsite and Maple Tree Square) as well as the two main streets (Water and Carrall);

2. All locations on or south of Hastings Street have been omitted because this area includes one of the major shopping districts for Vancouver as well as Chinatown. The appearance and appeal of businesses located there are not compatible with those in Gastown. Lots omitted because they front on Hastings Street are lots 12 to 14 of Block 11, D.L. 541; B of lots 9 and 10 of Block 4, D.L. O.G.T.; and the north and south halves of lots 32 to 34 of Block 8, D.L. 196;

3. Lots 1 to 5 of Block 8, D.L. 196 have been omitted from the study area because they contain a surface parking lot which is not essential to the character of Gastown;

4. Lots 27 to 40 of Block 6, D.L. 196 were not included in the City Planning Department outline of Gastown, but have been included in the current study, because this is the site of Pier 1 Imports, one of the largest retail outlets in the Old Town;
The Eaton's Parking Garage (Lots 1 to 10 of Block 12, D.L. 541) has been omitted from this study because it is functionally related to the Eatons's department store, which is an integral part of the Hastings Street Shopping area;

The Merchantile Building, 318 Homer (Lots 1 and 2 of Block 11, D.L. 541) has been excluded except for the ground floor locations on West Cordova, because the building does not suit the character of Gastown and the position of the building on the lot relates to Homer Street, rather than West Cordova;

Lots A and D of Block 4, D.L. O.G.T. plus the north half of lots 32 to 34, Block 8, D.L. 196, have been excluded because the functional nature of the businesses located there and the blighted condition of the buildings, do not conform to the character of Gastown.

Presentation of the Hypotheses

In order to test the contention that Gastown is and will be economically healthy and successful, two specific hypotheses were formulated.

It was postulated that:
1. Hypothesis Number One

THE AREA DEFINED HEREIN AS "GASTOWN" WILL BE ECONOMICALLY Viable AS A RETAIL-ENTERTAINMENT-RESTAURANT DISTRICT IN WHICH CUSTOMER ATTRACTION IS BASED UPON THE UNIQUE APPEAL CREATED BY HISTORIC AND COMMERCIAL REHABILITATION ACTIVITIES.

Where:

i. "Economically viable" is defined as the ability of an area to attract enough customer traffic to produce sufficient sales volume to enable a concentration of these functional categories to operate at a reasonable level of profit within the defined area;

ii. A "Reasonable level of profit" for the purposes of this paper is considered to be a return on investment equal to the prevailing prime interest rate paid on corporate bonds, plus a risk factor of five percent;

iii. A "Retail-entertainment-restaurant district" (a r-e-r district) is an area in which 50 percent of the ground floor locations are devoted to these functional categories and the total floor area occupied by r-e-r activities is greater than that devoted to any other single functional category;

iv. The customer attraction generated by the Gastown area is based upon the unique identity and authenticity of the area (that is, an appeal based upon historical charm) in
combination with the novel and contemporary nature of the business firms that are resident in the district (that is, an appeal based on modernity and uniqueness).

2. Hypothesis Number Two

GASTOWN, AS A RETAIL-ENTERTAINMENT-RESTAURANT DISTRICT, WILL NOT BE MERELY A SHORT-TERM PHENOMENA, BUT RATHER THE FUNCTIONAL CHANGES PRESENTLY TAKING PLACE WILL SURVIVE AND PROSPER OVER THE LONG RUN.

Research Tactics

The following research tactics were established in order to restrict the subject matter of the paper while, at the same time, to provide a framework within which the topic could be approached.

1. To determine and document the present economic position of Gastown in terms of sales volume, land values, and other reasonable indicators of economic condition;

2. To compare and contrast the operating factors of business firms located in Gastown with standard figures for the appropriate industry classification in order to determine the present economic health of these firms;

3. To prepare predictions of future trends in Gastown from an economic point of view and to determine whether Gastown will prosper over the long run.
4. To enumerate the functional categories of business presently in operation in Gastown;

5. To determine the nature of the changes in pattern of retailing and other commercial activities in Gastown over the past five years;

6. To gather and present the data in a format that can be readily utilized by individuals who require economic data about Gastown. It is particularly hoped that the information included in the study will be suitable as supporting material for requests made to the City for assistance in the Old Townsite and as sufficient proof that additional entrepreneurial investment in Gastown is justifiable.

Methodology Employed in the Study

Three basic methods were utilized to generate data about commercial activities and economic conditions in Gastown—personal interviews, a search of relevant literature, and a questionnaire study.

Unstructured personal interviews were conducted with various representatives of interest groups active in Gastown. Those persons interviewed were individuals generally recognized as leaders of the economic community of Gastown. An informal, unstructured interview technique was employed in order to allow the respondent to express his opinions in his own words and to ensure that no relevant
factors were overlooked because they were not contained in a predetermined, printed questionnaire.

The literature search was conducted in order to gather the information necessary to predict future sales volume and evaluate other economic factors for the Gastown area. Also, limited data about funds invested and sales volume for a few Gastown business firms was taken from secondary sources.

The questionnaire was administered to members of the Gastown Merchants Association during the second and third weeks in September, 1970. The questions asked were designed to obtain information about financial and operating factors of individual firms in order that a profile of the economic situation in Gastown could be built up. The names of the firms which co-operated in this segment of the study are included in the Appendix along with a copy of the questionnaire.

Organization of the Thesis

The first chapter has been an introductory section which attempted to build a framework for the economic analysis of Gastown which will follow in subsequent chapters. Chapter II will examine the natural forces which have determined the health and continued existence of the oldest sections of North American cities in general. The rapid expansion of
the City in the Twentieth Century and the resultant problems will be discussed, with particular attention directed to consideration of the development of blight in the CBD. Urban renewal, as the traditional method employed to combat blight, is examined and emphasis is placed upon the theory and practice of historic and commercial rehabilitation. These factors will then be utilized in Chapter III as a framework within which to evaluate the present situation in Vancouver, British Columbia.

The third chapter provides an introduction to Gastown, the study area of the thesis. An outline of the history of the Old Townsite and the commercial rehabilitation activities centred there is presented in order to identify the forces which have shaped the development of Gastown.

An examination of the long term physical and economic trends in the Gastown area is included in Chapters IV and VII. This includes a detailed functional analysis of business change over the past five years as well as a study of the trend of changes in property values in the district.

Chapters V and VI evaluate the economic viability of Gastown as a retail-entertainment-restaurant district. Current and projected sales estimates are made for the Gastown area and customer traffic patterns and market segment characteristics are examined. In addition, an analysis is made of the major operating factors of selected businesses in Gastown.
Operating results, such as sales per square foot and return on investment, are evaluated and compared with standard figures for comparable standard categories of business in order to determine if commercial enterprises located in Gastown have been able to attain reasonable operating results.

The conclusions and evaluation of the study are included in the final chapter.
Footnotes: Chapter I

1 D. Stainsby, "Ending an Era of Genteel Decay, Exciting New Life Styles Spring up in West End and Gastown," The Vancouver Sun, December 31, 1969, p. 11A.

2 As well as Gastown, the Old Granville Townsite and O.G.T., this area is also known as The Old Townsite, Granville Townsite, the Old City, and the Townsite.


7 See Appendix B.

8 See Appendix A.
CHAPTER II

HISTORIC AND COMMERCIAL REHABILITATION

A city has as much right to be beautiful as it has to be safe and clean.¹

The structure of a city reflects the life, activities and vision of its people. The challenge facing the citizens and their leaders of the city of today is the molding of an environment worthy of the potentialities of a contemporary society reflecting the human and dynamic activities of a community of the twentieth century.²

Before proceeding to an examination of the history of Gastown and the changes that have taken place in the Old Townsite, it is necessary to understand the significance of the forces that have influenced the development of the area. This can best be accomplished by utilizing the experience of other North American cities in similar situations as an analytical framework to direct the investigation. Therefore, this chapter shall provide the necessary background information by considering the general trends that have been observed in Canadian and American cities as well as the methods that have been utilized to deal with old, historic districts. This will provide both a more clear understanding of the natural forces which influence and direct commercial rehabilitation
activities and insight into the alternatives which are available to city governments under these circumstances.

Urbanization, The City, and Its Problems

Rapidly increasing rates of urbanization are one of the most striking and widespread phenomena of the twentieth century. At the present time, more than seventy percent of the population of Canada lives in cities. Since the turn of the century, this percentage has been rapidly increasing and shows no signs of slowing in the foreseeable future. It is, therefore, self evident that the city and its problems are of utmost importance to all Canadians.

The city is the primary focus of most of the major activities of modern life. It contains the greatest concentration of the facilities and systems necessary for a wide variety of administrative, cultural, commercial, educational, and recreational activities. At the very core of the city stands those commercial, cultural, and government buildings and structures which modern man recognizes as the true fibre of the city. This area is the central business district, or downtown as it is popularly known.

The Central Business District (CBD) of the... city is so familiar to the average citizen that he is likely to take it for granted. Under one name or another, it is thought of as an area of urban concentration that has been in existence since the beginning of the city and that will last as long as the city endures. But the CBD,
as it is known today, is relatively modern, and its place in the city of tomorrow is a subject of wide debate. This uncertainty is based upon the many problems [facing]...the city.4

The problems of the city, often referred to in total as the "urban crisis," rank among the most important issues of the last half of the twentieth century. If these issues are not resolved, cities will eventually strangle to death and become utterly inhospitable.

Although the causes and effects of the urban crisis are interrelated, the three major dilemmas of the city concern the advance of obsolescence, increasing congestion, and the flight to the suburbs. These problems are all caused, at least in part, and accentuated by, the waves of population that have flowed into cities throughout the century.

It is sometimes difficult to understand how obsolescence can occur in North American cities since many of them are barely one hundred years old and they contain concentrations of technicians and administrators with appropriate knowledge and skills that could be utilized to avert such problems. However, obsolescence goes hand-in-hand with advancing age unless never-ending, extensive revitalization programmes are maintained in the city. In general, these programmes have not been carried out. Modern technology has contributed to the development of obsolescence within the
cities because the rapid changes that are a part of this technical age have occurred at such a rapid pace that the city and its citizens have not been able to adjust with sufficient speed. The result has been that many older structures are no longer suited to the purpose originally intended and cannot readily be adapted to other uses.

Just like automobiles and refrigerators, cities and parts of cities become obsolete from the moment they are produced—and sometimes before. Obsolescence is the reverse of progress; the faster progress develops, the more obsolescence occurs. Only in a stagnant society is there no need for renewal. In Canada, as our cities are rapidly growing and maturing, the patterns and structures that have been developed to serve the urban life of yesterday are no longer suited to serve the life of today and tomorrow.

The ability of city streets to handle current volumes of traffic has declined steadily as modern man has put more and more cars on the road. At the same time, transit systems are generally obsolete or even non-existent so that urban citizens are left to fend for themselves in regard to transportation.

Yet, like it or not, the automobile can no longer be banished from our lives, if only because it now offers an escape from the problem it has created. It is now the fastest means on hand to take us away from all the other automobiles as well as from the sameness of scene, the dullness of life, and, sadly, to and from our ailing downtowns.

As the problems of living in the city have mounted, great masses of middle-class North Americans have reacted by
fleeing to the suburbs and along with them have gone substantial numbers of commercial and industrial firms. This has resulted in drastically reduced tax bases for city governments and has created massive traffic jams as workers move to and from their jobs in the city. This trend appears to be continuing and is even accelerating as the preliminary results of the 1970 United States census show that "suburbanites outnumber residents of inner cities for the first time."\textsuperscript{7}

The above mentioned factors have combined and interacted to produce a multitude of problems which form the urban crisis—"falling retail sales, tax bases in jeopardy, stagnant real-estate values, impossible traffic and parking conditions, failing mass transit, encirclement by slums,"\textsuperscript{8} unwillingness of lending institutions to advance loans to residents and businesses in certain areas of the city,\textsuperscript{9} neighbourhood deterioration, and the inability of city governments to provide adequate levels of municipal services.\textsuperscript{10}

Blight Strikes the Downtown

The most complex and one of the most vexing problems in most...cities is the decay and premature obsolescence found in many neighbourhoods, commercial districts, and industrial areas. The conditions that characterize the problem are collectively known as 'blight.'\textsuperscript{11}

This all-inclusive term which is used to describe the causes of the problems of the city that relate to deterioration,
obsolescence, and decay must be considered as the single most important issue in the city today.

Generally, blight results from the neglect of the physical maintenance of structures and improvements and from a failure to adapt to current conditions. Specifically, blight is the result of:

1. faulty land use patterns—areas go into decline because incompatible patterns of land use are allowed to develop and specific areas are not put to their best use;
2. faulty subdivision or street layout design—blight occurs where improper standards were employed or where standards did not exist at the time that the district was built up;
3. inadequate transportation facilities—this creates congestion which forces the population to seek alternative routes or to avoid congested areas which then go into decline;
4. improper population densities and land coverage—leads to deterioration caused by congestion and conversion of facilities to uses for which they were not designed;
5. poor original design and construction of buildings—this usually occurs in older areas and results in neglect of repairs and alterations because they become too expensive in relation to realized benefits;
6. inadequate public services—it is impossible for an area to function properly without adequate municipal services;
7. obsolescence—this may be classed as style obsolescence (buildings become impossible to maintain due to high costs), or technological obsolescence (technical developments necessitate switching to new structures which incorporate the latest equipment and designs). Obsolescence can be the result of either the abuse of property or the lack of maintenance and repair.12

The social costs of blight are extensive, diverse, and immeasurable. They range from the effects of the cultural
deprivation that is imposed upon the residents of blighted areas to the loss of vitality and attraction in large areas in the cities. The economic consequences of blight are threefold:

1. Blight reduces tax collections and increases municipal services costs,
2. Blight leads to inefficient land use,
3. Blight triggers the flight of industry, commerce, and housing to the suburbs.¹³

Urban Renewal

Even though the rebuilding and renewing of cities is a process that is as old as the city itself,¹⁴ the recent intensive urbanization of North American cities has created previously unimagined, complex problems for local governments. Throughout the 1930's and 1940's, in city after city, municipal governments were shocked into the realization that their cities had become severely blighted and would eventually completely decay unless some means of comprehensive corrective and preventative action was undertaken. Programmes were needed to repair and replace old and obsolete buildings, to rejuvenate decayed and rundown areas, and to solve the problems of congestion and overcrowding. The co-operative schemes and proposals that were put forward to rebuild the cities by the three levels of government¹⁵ became known as "urban renewal."¹⁶

The goals of urban renewal are generally to eliminate blight and prevent its occurrence. Although the form of
administration and financing may vary greatly from place to place, the basic objectives of urban renewal are fairly consistent and can be broken down into three categories—social, economic, and physical goals:

1. social goals—reduction of overcrowding and incidence of social ills; safe, sanitary, and decent housing and recreation facilities; health and social welfare;
2. economic goals—reduction of high per capita service costs of blighted areas; increase per capita tax revenues from blighted areas; encouragement of private investment;
3. physical goals—removal of physical decay; building of housing units; improvement of visual appearance and aesthetics.17

In attempting to both eliminate blight in the cities and prevent its spread, urban renewal does not merely rely on one inflexible methodology. Rather, there are three distinct components which can be utilized, individually or simultaneously, depending upon the circumstances. Redevelopment projects replace structures in areas which are beyond economic repair by development of a similar or more suitable nature (that is, projects which involve the "clearing and re-use of land"18); rehabilitation involves the repair of structures that can be salvaged and the correction of conditions contributing to blight (that is, "repairing, refurbishing, remodeling or replacing of elements of a building or group of buildings to insure continued use"19); while conservation seeks to prevent the decay of sound buildings and areas (that is, "preservation and protection of structures
and areas at present in acceptable condition, or structures or areas which have architectural or historical value."

Although the intentions of urban renewal legislation are admirable, the reality of the programme has fallen short of its goals. In general, the administrative facilities that were established to oversee urban renewal projects have proven to be unwieldy and ineffective. The average period of time from the announcement of a project to the clearance of the site has been from two to five years during which time the advance of blight has rapidly accelerated as those project occupants due to be displaced ceased to do repair or maintenance work on their homes or shops. As well, the economics of many projects has been such that it has been found to be virtually impossible for private developers to make a profit if they undertake renewal work and the displaced businesses and individuals often cannot afford the increased rent structures on the new premises once they are completed.

However, the major criticism of urban renewal projects has been that the planners have ignored the needs and feelings of the people. Because of this, many such great projects, it turns out, have created social problems as serious as those caused by the inadequacies of the old slum housing. The life of their tenants has become over-organized; many new arrivals are terrified by the crowds; and few of them can quickly find the ecological niches which prevailed in their old, familiar, yet unsanitary homes.
In addition, these projects have failed to properly allow for the social interaction that human beings require in order to maintain mental health and insufficient consideration has been given to the problem of disruption caused by the relocation that is created by the renewal project.

Business firms have generally not been affected by urban renewal projects in Canada because few of them have been located within the boundaries of past projects and the urban renewal concept has only recently been extended to allow for the needs of non-residential categories. However, renewal agencies in the United States have built up extensive experience with the application of urban renewal techniques to commercial firms and have attained some very negative results. In most cases they have found that at least one-third of the businesses displaced by projects immediately go out of business and between forty to sixty percent of the firms eventually liquidate as a direct result of the displacement.

At the present time, the urban renewal projects planned for many cities in both the United States and Canada, are being re-evaluated. There has been a pronounced shift away from redevelopment of "bulldozer renewal" as it has often been called, to the rehabilitation concept.
Historic Rehabilitation

Historic Rehabilitation or, at it is more commonly known, historic preservation, is an older programme than the formalized concept of urban renewal. It originated more than a century ago and has generally been initiated by private interests, rather than the public sector, as is the case with urban renewal. Although, in most instances, historic rehabilitation has not been a part of formal urban renewal projects, it is more and more becoming associated with renewal because it has begun to utilize government funds and because its goals are in line with the rehabilitation and conservation trends that have been gaining force in the urban renewal movement.

Through urban renewal action, historic structures can have a new chance to survive—to be enjoyed in a setting that is suitable and harmonious. Located in the oldest sections of our cities, these structures have often been overwhelmed by environments of decay and deterioration.

The goal of historic rehabilitation, is to preserve and restore buildings and areas that form part of the national or provincial cultural and historical heritage. "Modern preservation is...directed toward perpetuating architectural and aesthetic as well as historic and patriotic values." These values are embodied in the official definition of historic preservation that is utilized by the National Trust for Historic Preservation, one of the leading American historic preservation associations: "Historic preservation is
a well-rounded program of scientific research and study, protection, restoration, maintenance, and the interpretation of sites, buildings, and objects significant in [National] history and culture." The "historic" value of specific buildings or other structures has been broadly interpreted so that preservation groups have undertaken to protect everything from classic, old buildings to Indian burial sites. The methods used by preservationists include lobbying for protective legislation, gathering of data for the cataloguing of historic sites, conducting programmes of education and publicity for the general public, and the actual restoration and conservation of designated sites.

Until approximately ten years ago, the historic rehabilitation movement was mainly content to restore individual buildings to be utilized as museums or show-places. However, they have recently begun to widen the scope of their activities and have undertaken restoration projects for whole districts as well as for significant commercial and industrial structures. Restoration activities have been applied to groupings of buildings and whole areas in order to retain the unique character of entire streets or blocks. Because of these changes, preservationists have been forced to realize that they must begin to find contemporary uses for most of the structures that are preserved so that the buildings can generate sufficient income to pay for acquisition and restoration costs and thereby gain an added measure of protection
as economically self-supporting structures. Aspects relevant to economically viable restoration are discussed in the following section.

**Commercial Rehabilitation**

For the purposes of this thesis, the term "commercial rehabilitation" is considered in a somewhat narrower sense than the commonly accepted definition of the expression. In most cases, commercial rehabilitation is usually considered to be any rehabilitation activity (that is, physical alteration and restoration) carried out on buildings and areas occupied by commercial firms. These firms can be located anywhere, but are usually in or near the CBD and these rehabilitation activities are undertaken with the intent of restoring the economic health of the affected firms.

Henceforth, the term "commercial rehabilitation" will be taken to mean rehabilitation activities applied to buildings that are located in legally defined historic districts or to structures that would qualify for historic rehabilitation and that house, or will in the future contain, commercial firms. Furthermore, the rehabilitation must be undertaken with the intention that the long-term financial return will be sufficient to justify the capital investment. If it was not so lengthy, possibly a better term for these activities would be "historic-commercial rehabilitation."
The majority of commercial rehabilitation projects have been undertaken by businessmen or entrepreneurs rather than historic preservation societies, although the number of commercial areas and buildings rehabilitated by the societies has steadily increased during recent years. The following statement is typical of the new outlook of preservationists:

Not all historic structures should be restored as period museums. Even with the substantial increase in tourism, any given community can support only a limited number of such facilities. If they are to survive, productive contemporary uses must be found for most noteworthy old structures. In residential areas, these may be retained as housing or in other uses compatible with the residential character of the area. For historic structures in or near the downtown area the problem becomes more difficult. Depending on its location an old house might become an office, a shop, an art gallery, or a headquarters building for a local organization.

Other general uses that have been found for historic structures are as premises for restaurants, tea-rooms, libraries, book stores, and fine arts museums, as well as the more specific examples of a tourist reception centre, community centre, parish house, legion hall, nursing home, study centre, or chamber of commerce headquarters.

Commercial restoration projects recently undertaken by individual businessmen have been impressively successful, particularly in San Francisco and New Orleans. Both in terms of realized return-on-investment and the acclaim accorded them by the public, the results have been very rewarding.
Yet the businessmen's motives and goals are often much the same as those of the pure preservationist. The architect for widely praised Chirardelli Square in San Francisco pointed out that

old buildings have a quality that can't possibly be replaced in present day terms. It is very important to save a percentage of old buildings because the fabric that results represents a complete history of the city. This is what gives a city its character. But saving old buildings just for looks, or to satisfy antiquaries' whims, is economically unsound. Buildings could survive only if they could be put to use.  

However, the major difference between these businessmen and the members of preservation societies is that the business investors are much more aware of the market value and market demand for space in these sites. They know that quaintness and historical connotations are salable commodities that can be exploited for financial gain. When selling or renting space in these restored buildings, they play up the fact that "the intimate restaurant or good steak house, the art store, the university club, the fine tailor, even the bookstores, and antique stores--it is these kind of enterprises for which old buildings are so congenial."  

Commercial restoration, particularly in an unknown area or one new to rehabilitation, is very costly and extremely risky. The cost of restoration and alteration can vary from a few thousand dollars for a small, one-storey building to
$10 million or more for a building or buildings that occupy a complete city block. A 1968 study of the Vieux Carre historic area in New Orleans found that the cost to extensively repair and renovate five out of nine structures in a representative sample, would exceed the anticipated increase in market value.

The decision of whether or not a specific building should be rehabilitated rests upon two basic considerations—the soundness of the structure and the outcome of a cost-benefit analysis.

Structural soundness is essential, as without it a major earthquake could crumble a multi-million dollar investment in seconds. The building's economic feasibility is determined by taking its base cost and adding the price of restoring and remodeling. If when totalled the developer can still lease at a competitive rental the building is economically sound and worthy of restoration.

The economic evaluation is further complicated by a problem which has been called "the hidden cost factor." This involves expenses created because it is often impossible to know structural condition or design peculiarities until the renovation work has commenced. If these unknown factors cause large cost increases, the project can easily become a losing proposition.

A number of advantages accrue to commercial firms that locate in rehabilitated districts. Aside from the
proven ability of many of these areas to generate customer traffic, the merchant will often benefit from savings in rental costs. Many restored buildings in San Francisco offer "space at 10 cents to 55 cents less per square foot than the towering downtown highrise." Then, too, the charm and uniqueness have strong appeal for potential customers and the shop-owner can usually customize the restored retail store to suit his particular needs.

It is a characteristic of commercial rehabilitation activities that the benefits do not accrue only to the property owner or merchant. There are a number of advantages which benefit the city and community at large as well. The city derives cultural and aesthetic gains because potential eyesores are blighted areas are upgraded to viable, vital components of the urban mix. Also, the educational value of old buildings that have been preserved must not be overlooked.

The major benefits to the city and the community are of an economic nature. Historic areas that have been commercially rehabilitated stimulate tourist traffic and thereby draw substantial amounts of money into the local economy from tourist spending. In addition, rehabilitation serves to maintain and increase property values which, in turn, increases the tax return to the city.

A steady influx of tourists into a city can have a pronounced effect upon the area's economy. "The United
States Department of Commerce has reported that if a community can attract an average of 24 tourists per day throughout the year, it would be economically comparable to acquiring a new industry with an annual payroll of $100,000.\textsuperscript{43} Numerous historical areas throughout North America now attract more than one million visitors per year. "In St. Augustine, Florida, and Winston-Salem, North Carolina, tourism brings in more than $10 million yearly, while New Orleans sets the value of income from its historic architecture at $150 million yearly."\textsuperscript{44}

There are both positive and negative aspects that result from increasing property value attributable to commercial rehabilitation. It can impose a hardship on the land-owner if property taxes rise to a level beyond his ability to pay. On the other hand, if assessments increase with the property value, the resultant increased tax revenues can substantially increase a city's income. Montague and Wrenn in Planning for Preservation report a striking example of the effect of commercial rehabilitation upon assessed property values. One side of a specific block in Richmond, Virginia, was restored, while the other side was not, with the result that, from 1958 to 1963, the assessed value of the restored property increased 136 percent while the increase of the unrestored portion was only 30 percent over the same five-year period.\textsuperscript{45}
Historic and Commercial Rehabilitation Activities
in Three North American Cities

Beacon Hill, the Vieux Carre, Charleston, Georgetown, Churchill, Boston Square, Saint Augustine, Sacramento, Old Montreal, Ghirardelli Square, Winston-Salem---the list of cities and districts in which historic buildings and areas have been restored for commercial use goes on and on. However, for purposes of illustration, three specific cities have been selected as relevant examples of what can be accomplished through the use of commercial rehabilitation techniques. New Orleans is included because its Vieux Carre district is the largest and one of the oldest commercial rehabilitation areas in North America. A number of rehabilitation areas in San Francisco are examined because they are entirely the result of private initiative and because the life style of the city is so similar to that of Vancouver (that is, the so-called "West Coast life style"). In order to present a Canadian example, the Bastion Square project of Victoria is also examined. Two additional reasons for including Bastion Square relate to the fact that it demonstrates that commercial rehabilitation can be successfully accomplished in a British Columbia framework and the fact that it contains buildings of the same type and era as those in Gastown.
The French Quarter of New Orleans,\textsuperscript{46} or the "Vieux Carre" as it is officially identified, is probably the most widely known historic district in the United States. Within an area of approximately one hundred city blocks is contained an intensive concentration of retail stores, hotels, entertainment spots, and restaurants that, in total, accounts for a substantial portion of New Orleans' aggregate sales volume. In a study some years ago, The Real Estate Research Corporation found that

\begin{quote}
the Vieux Carre represents the single largest day-in and day-out concentration of our-of-town visitors that exists anywhere in the United States.\textsuperscript{47}
\end{quote}

They concluded that the Vieux Carre was "one of the single most important elements in the economic base of the city."\textsuperscript{48}

In 1967, it was estimated that the Vieux Carre drew 33 million visitors, which is equal to a full-time city of 200,000 with $385 million in purchases.\textsuperscript{49}

The Vieux Carre has been protected by historic area legislation since 1937, but minimal development of the district has been carried out by the city. Virtually all of the area rehabilitation has been carried out by private groups and businesses. In 1968, the Bureau of Governmental Research published a study of the Vieux Carre,\textsuperscript{50} which examined the current situation and past trends, in order to recommend long range historic preservation policies for the district. The
programme that was proposed will, if adopted in total, provide extensive financial aid and will ensure that the community receives maximum benefit from the area, yet, will provide adequate protection for the structures of the Vieux Carre. This study is notable since it represents an immense undertaking but, what is more important, it is so well structured that it will likely provide the model for the rehabilitation undertakings of many cities in the future.

San Francisco is world famous for the charm of its old areas.\(^{51}\) It is a unique city in that rehabilitation areas, ranging in size from single lots to whole blocks, are scattered throughout the metropolitan area. In addition, all but one of the projects have been the result of the initiative of individual businessmen, rather than of any form of government action. There are so many restored buildings in the city, that it has been said that "San Francisco has more preservationists per square inch than any other city in America."\(^{52}\)

San Francisco has succeeded in creating a vibrant, alive city by combining modern buildings side-by-side with restored and rehabilitated areas. The city's experience with commercial rehabilitation commenced in the early 1950's with the Jackson Square project and additional restoration areas have been added yearly since that time. In two of the most widely publicized projects, entrepreneurs
created two commercial developments out of long-idle industrial buildings on the north shore, with a sensibility for the old not often found in America. Ghirardelli Square and the Cannery, only two block apart, have grouped, high-quality shops and restaurants with garden terraces, arcades and plazas inside the walls of mellow brick nineteenth-century buildings commanding incomparable views of the bay. The result, in both cases, has been a feeling that it is a centre not for conventional shopping but for leisure, epitomising a new quality of life in America.53

Other projects include Icehouse Numbers One and Two (interior, decorating showrooms) and the rejuvenation of Union Street. Although no figures are available on the economic importance of these developments to San Francisco, it has been estimated that they draw as many as 15,000 out-of-state shoppers per day.54

Victoria's Bastion Square Project55 involved the use of classic urban renewal land assembly techniques but did not result in "bulldozer renewal." Instead, the City of Victoria purchased several obsolete buildings surrounding a square adjacent to the site of the original Fort Victoria and resold them to private developers, subject to City acceptance of satisfactory development proposals. The City undertook to develop the square in such a way that "history, age, unusual physical arrangement and state of preservation were utilized to recreate a unique square honouring the nineteenth century origins of the area in the field of commercial and shopping activity,暨 to give it a fresh start, in this century, as a modern pedestrian mall."56
The rejuvenation of Bastion Square was the first urban renewal project under the National Housing Act to be restored by means of this form of imaginative and inexpensive rehabilitation. The final cost of $245,000 was shared between the Federal and Provincial governments, the City, and the British Columbia Hydro and Power Authority. The project has been widely acclaimed for its visual and aesthetic success, but has fallen somewhat short of the anticipated business volume. Although few businesses that have located on the Square have failed, the area is underdeveloped in terms of retail space and has not been able to draw sufficient traffic into the area to be rated as an unqualified success.

This chapter has examined the development and evolution of North American cities and has noted that a number of general forces have influenced the course of events in the majority of old, metropolitan areas. These forces include:

1. the rapidly increasing rate of urbanization and suburbanization that has continued throughout the twentieth century;
2. the increasing concentrations of population plus the advancing age of city structures and the failure of local governments to react have created the urban crisis—obsolescence, congestion, and the resultant flight to the suburbs;
3. this obsolescence, deterioration, and decay has produced blighted areas throughout the city which has, in turn, imposed harsh social and economic costs on the city;

4. the three levels of government has attempted to combat these problems with various urban renewal plans which utilize redevelopment, rehabilitation, or conservation activities in an attempt to eliminate blight and prevent its occurrence;

5. certain segments of the population have recognized the cultural and social value of threatened old buildings and districts and have reacted by attempting to preserve and restore historic structures (that is, these groups have undertaken historic preservation projects);

6. it became evident that each city could only support a limited number of restored buildings as museums or show places. The trend then shifted to commercial rehabilitation which attempts to find contemporary, self-supporting uses for restored historic structures so that their retention can be economically justified.

This information can be utilized as a framework to analyze the situation in Gastown. Unless the Old Townsite represents a unique case in the evolution of a subarea of a
city, these trends should be identifiable as forces which have shaped the development of the district. The following chapter shall outline the changes that have taken place in Gastown in relation to the general concepts of urban renewal and commercial rehabilitation.
Footnotes: Chapter II


7 The Vancouver Sun, "Trek to the Sun, Suburbia Shown in New U.S. Census," September 2, 1970, p. 58.


11 Ibid., p. 449.

12 This section has been freely adapted from Nelson and Aschman, Op. Cit., pp. 453-459.


17 Ibid., pp. 11-12.


19 Ibid.

20 Ibid.


22 Ibid., p. 80.

23 In North America, urban renewal has been almost entirely devoted to redevelopment projects with very few rehabilitation schemes and even fewer conservation measures.


25 "Recent years have seen a broadening scope of the urban renewal process in Canada. From a concern for residential blight only, the scope has been expanded since 1964, to include non-residential areas and total rehabilitation and conservation programmes." Source: Cross and Collier, *Op. Cit.*, p. 33.


The first major historic preservation program in the United States was undertaken at Mount Vernon in 1858.


Ibid., p. 17.


For example, in San Francisco, the total cost to develop 120,000 square foot Ghirardelli Square was $10 million while $7.5 million dollars was invested in converting an old Del Monte cannery into a continental-style shopping compound.


40. Ibid., p. 28.

41. Ibid., p. 29.

42. Ibid.


44. Ibid.

45. Ibid., pp. 11-12.


48. Ibid.


CHAPTER III

INTRODUCTION TO GASTOWN

The city of Vancouver is only now beginning to mature. It still hovers on the fascinating threshold between naive and reckless youth and the wonderful unfolding of its full adult potential. The city is at that stage where it still can choose to recognize the value and beauty of its cultural inheritance. It has a very special and attractive human heritage, and though it has impetuously squandered some of it, and through ignorance and blindness has often pitifully neglected to take proper stock and care of its possessions, a substantial sum of them remain intact and only need to be revealed and cultivated to help Vancouver to refine and strengthen that character and personality which will make it great among great cities of the world.¹

The historic centre of Vancouver has the potential to sustain intense concentrations of human activity on a wide variety and scale.... The birthplace of the city, Gastown (or Old Granville Townsite, as it is properly known).... is as vital today to the form and the character of the city as it has been in the past.²

The purpose of Chapter III is to set the ensuing economic analysis in context and to make it more meaningful by providing relevant background material about the evolution and present state of affairs in Gastown. The rough generalizations developed about cities in the previous chapter will be utilized as an informal analytical framework within which to identify the natural forces that have influenced the
development of the area. However, because the major concern of this section of the thesis is to provide a description of the changes that have led to the present circumstances in the district, the material from Chapter II will not be utilized as a restrictive skeleton upon which to build the discussion but, rather, will be referred to where it is deemed to be applicable.

A Brief History of Gastown (1867 to the early 1900's)

In 1792 Captain George Vancouver became the first white man to sail into the Burrard Inlet and sight the future location of the great city that was to bear his name yet, it was not until seventy-five years later that settlement began in the area. Prior to 1867, a number of pioneer footholds had been established on and around the Burrard Inlet and in June of that year, a sawmill, located on the south shore of the inlet, cut its first lumber, and set the stage for the eventual development of Vancouver, British Columbia. This factory, known as Stamp's Mill, quickly began to attract merchants, businessmen, and other settlers to serve the needs of the work force of the mill. These settlers became the first inhabitants of the small village of Gastown, which eventually grew into the urban centre of Vancouver.

The first settler was Captain Jack Deighton, who arrived in [September] 1867 to open a saloon to serve the workers at Stamp's new sawmill, later Hastings Mills, half a miles up the Inlet. Jack
was an adventurer in the good old style and because he never stopped talking people called him "Gassy Jack." As he continually boasted that the little place would become a great metropolis they teased him by calling it Gastown....

In his canoe he brought his Indian wife, a barrel of whisky, assorted furniture and chickens. Jack had plenty of customers from the sawmills of Burrard Inlet where liquor was not allowed. Some of them could hardly wait—they helped him so the saloon was open for business the day after he arrived. Jack pulled himself to the roof of the building, unfurled the Union Jack and told his listeners that the flag represented all that was good—the blood and guts of England! 4

With no industry other than the mill and little wholesale trade or other commercial development, Gastown progressed slowly but steadily during the first fifteen years of its life. In 1871, the birthplace of Vancouver contained only three saloons, two stores, and one hotel, and occupied an area merely two blocks long by one and one-half blocks deep. Yet by 1882, the economic development of the settlement had accelerated to the point that:

the obviously incomplete Victoria Directory and the provincial voters' list that year painted the outline of a vastly enlarged Gastown, so much enlarged that it and Hastings were lumped together as if they no longer were separate communities. It listed six general merchants (all in Gastown), seven hotels (two in Hastings), four butchers, eight fishermen, two shoemakers, one harnessmaker, one sailmaker, one wine merchant (James A. "Pete Donnelly" Robertson), three carpenters, two accountants, one blacksmith, one customs collector, four teamsters, one telegraph operator, three lumbermen, one physician (Dr. George Masters...), three stevedores, one constable, two longshoremen, one
postmaster, one salmon canner, 20 employees of Hastings Mill, 44 loggers, 11 millmen (two Hawaiian), three logging camp proprietors (all on Point Grey), two churches, two ministers, one school teacher, two societies (Hastings Literary Institute and the Ancient Order of United Workmen), three industries (Hastings Mill and the Burrard Inlet Fishing and Oil Companies...), two farmers, and two justices of the peace.5

In 1883, in keeping with the growth of the settlement, its name was changed from the colourful "Gastown" to "Granville," but this did not change the character of the town. "Granville was a hard-boiled, hard-drinking, hard-living town."6 However, in the following year, an event took place which was to eventually change the place of Granville from a frontier sawmill town to that of Canada's major city on the West Coast. Agreement was reached between William Smithe, premier of British Columbia, and William Van Horne of the Canadian Pacific Railway, to deed 6,000 acres of land in the Granville Townsite to the C.P.R. and to make this the location of the western terminus of the railroad. During the latter half of 1885 and early in 1886, speculators, developers, and merchants began to flock to Granville in order to take advantage of the boom that was expected to accompany the coming of the railway.

Granville was growing fast....There were barely 100 habitable buildings in the town at the end of February, 1886, and at least 600 by the middle of May. Besides the speculators, the merchants, the women folk and the children, there was a very considerable labor force to erect 500 buildings in a mere 75 days. The boom was on.7
On April 6, 1886, the Townsite officially changed its name to Vancouver after 432 residents of Granville petitioned the provincial government for incorporation. The first election was held in May and the city continued to flourish as it fed on "railway fever."

On Sunday, June 13th, 1886, disaster struck the two month old city. During a terrifying twenty minute period, a fire completely destroyed Vancouver. One Thousand buildings burned to the ground, at least twenty persons perished in the blaze, and three thousand were left homeless. Yet, such was the nature of the pioneer residents that by that very evening, rebuilding had already started. On Carrall, Water, Oppenheimer, and Cordova Streets, the residents threw up temporary structures and went back into business: the city continued to thrive, almost uninterrupted. "Within three years a new, permanent city had grown out of the ashes, a city expressing the vision and spirit of Vancouver's hopes of becoming a great metropolis." Many of the buildings which were erected at this time are still standing in the Old Granville Townsite.

For the twenty year period following the fire, the Water-Carrall-Cordova area remained the commercial and cultural heart of Vancouver. The city passed many landmarks, including the following:
1887 - first passenger train arrives in Vancouver, arrival of first C.P.R. Trans-Pacific steamship, first electric street lights installed,

1888 - building of the first Granville Street bridge,

1889 - waterworks opened,

1890 - electric street cars begin operation,

1892 - opening of the Cambie Street Bridge,

1897 to 1898 - Klondyke Gold Rush.

As the nineteenth century drew to a close, Vancouver began to feel the pressure of advancing urbanization. From 1888 to 1898 the population soared from 8,500 to 20,000, and then reached 45,000 in 1904. However, even though these events were very beneficial to the health and development of Vancouver, they marked the beginning of the end for the Old Granville Townsite as the centre of the city.

The Decline of the Old Townsite (Early 1900's to 1967)

During the period between the Great Fire and the start of the twentieth century, Vancouver developed into the business and distribution centre for all of British Columbia. However, by the middle of the 1900's, it became more and more evident that the city had begun to outgrow the Old Townsite and shift its centre away from the area in which it initially took root and began to prosper.

The forces underlying the shift of the central business district to the south and west were similar to those experienced by most North American cities during similar
stages in their development. As business enterprises matured and generally increased in size, the original brick and stone buildings no longer adequately served their original purpose. Many firms required larger premises and, since the Granville Townsite buildings were generally limited to three storeys in height because they were constructed before the widespread use of elevators, they became obsolete (that is, the buildings were struck by functional and technical obsolescence). Other firms desired to locate in new buildings in new areas in order to gain prestige and were, therefore, anxious to rid themselves of their old premises. Still other businesses moved out of the Old Townsite in order to escape from an area in which their neighbours were saloons and rowdy hotels. Finally, the narrow, poorly designed streets forced merchants who depending upon heavy consumer traffic to quit the area so as to avoid the congestion that was becoming prevalent there. The three problems characteristic of the "urban crisis" were all present in the Old Townsite—obsolescence, congestion, and the resultant flight to new areas.

Dakin's map of Vancouver of 1889 showed that Cordova Street between Cambie and Carrall Streets was then the main commercial centre. Development moved westwards, following the building of the Hotel Vancouver at Georgia and Granville Streets in 1887. The first commercial buildings appeared on Hastings Street west of Cambie and on Granville Street. For some time, however, this development seemed premature; many stores
remained empty and grass grew on the sidewalks of Granville Street while Cordova Street flourished.

By the early 1900's, Hastings Street began to challenge Cordova, Woodwards' store located there in 1904, and other stores quickly followed ....However, the business district continued to move west, and as Granville Street grew stronger, the old townsite declined. 9

Other major buildings and developments, in addition to those mentioned previously, located outside of the Old Granville Townsite and thereby hastened the decline of the district. In 1886 the C.P.R. began to develop the West End as a residential district while, in 1889, the courthouse opened on Victory Square. Also in 1889, the Imperial Opera House opened on Pender Street and the Hudson's Bay Company built its new store "in the forest" on the corner of Georgia and Granville Streets. Each of these developments exerted significant pressure in drawing the centre of the city to the south-west.

The harsh depression that lasted from 1892 to 1897 also influenced the decline of the Old Townsite. As the economy grew weaker and weaker, Vancouver's rapid population growth came to an abrupt halt and then actually went into a decline. "Houses all over town were boarded up as the population dropped; a large portion of the working people were from the United States, and to it they returned. The exodus was particularly hard on the smaller merchants along Cordova and Powell, for they went bankrupt where the larger retailers
and wholesalers retrenched and survived."^{10}

As the centre of the city shifted away from the Old Granville Townsite, the buildings there were taken over by secondary users, fringe merchants, and other firms which required premises in low rental areas. The district gradually became more and more rundown and was eventually bypassed and all but forgotten by Vancouver's major financial, commercial, and professional leaders.

During the 1920's the hotels and rooming houses in the Old Townsite catered to large numbers of migratory workers who laboured part-time in the agriculture, fishing, and wood products industries. The Old City became the headquarters for the unemployed during the Great Depression of the 1930's. "By the [end of 1929] there were 7,000 receiving assistance and hundreds more were riding the rods into town on every freight train"^{11}--many of the unemployed looked for food, shelter, and companionship in and around the original founding place of the city. The area which only thirty or forty years previously had been the centre and heart of the city began to deteriorate into a typical "skid road."

"After the depression the character of most skid roads changed. No longer were these areas dynamic, nor were they necessary to house the migratory labour force."^{12} The poor, the ill, the alcoholic, the disabled, and other down-and-out transient males became the dominant population of
the area. "The town's source, its very soul, was turned over to the modern Skid Road, a state of futility, heroin, and bay run, where rotting minds and bodies seem to infect the aging buildings, where a sense of desperation blots out the adventurous spirit of the city's beginnings, leaving them to fester in neglect and shame." The alcoholics and drug addicts moved to the Carrall-Cordova-Powell-Alexander area because it contained the only "flophouses" and other accommodation that they could afford and soon the missions, cheap liquor outlets, and other typical skid road services and merchants moved into the area to cater to their wants. "There was no place else to go. No other community was economically prepared to provide the basic amenities at bare subsistence levels."  

By the mid 1960's, the Old Town area was generally recognized as "one of the worst skid road areas in Canada" as well as a pocket of poverty and despair. In exhibited all of the characteristics of a blighted area: deterioration, decay and obsolescence pervaded the majority of its buildings and extensive social and economic costs resulted from this deterioration. In its 1965 report on the "Downtown East Side" (that is, Skid Road), the City Planning Department noted that

many warehouses are vacant and many shops, especially on Alexander and Powell Streets, have long been in other uses. The demise of the North Shore ferries, the departure of the
Japanese population during the Second World War and the removal of the street cars, sounded the death knell of shopping on these streets, while Hastings Street continues to draw shoppers,—attracted by lower prices,—from the entire city.¹⁶

Gastown had reached rock bottom!

**The Turning Point (1968)**

As Gastown approached the one hundredth anniversary of its founding by Jack Deighton, it appeared as if the citizens of Vancouver had completely forgotten their heritage and turned their backs on the birthplace of the city. It was generally conceded that the Old Townsite would either continue to degenerate or else would sooner or later become a candidate for "bulldozer renewal." In either case, it seemed certain that the city would eventually lose forever the few physical reminders of its roaring pioneer past.

However, there were groups and individuals who were aware of the problem and resolved to not allow Vancouver's irreplaceable historical buildings to be destroyed by either the wrecker's ball or neglect. These individuals had varied backgrounds and interests, yet worked in their own way, with limited success, to gain public awareness of, and sympathy for, their cause. These efforts remained fragmented and relatively unsuccessful until the fall of 1968. In September, the Community Arts Council of Vancouver sponsored a walk entitled "Gastown Revisited"¹⁷ in which interested citizens
were given a talk on the history of the area and a guided tour of the Old City. Even though the weather was poor, five hundred turned out for the event and completed the walk. The enthusiastic response generated the desired publicity and soon the location and general meaning of "Gastown" became common knowledge. Mayor Tom Campbell was moved to describe the walk as "Vancouver's second fire" and it very quickly became the thing to do for those who were "with it" to visit the boutiques and restaurants that began to spring up in the Old Townsite.

This marked the beginning of the rehabilitation of Gastown. Because the goal of the Community Arts Council is to advance cultural awareness in Vancouver, it is likely that they intended to promote historic preservation of the Old Townsite. However, the businessmen that began to locate there renovated the old buildings with the intention of gaining a reasonable return on their investment so that the actual result of the publicity was the start of commercial rehabilitation of the area.

Interest Groups in Gastown

Gastown appears to mean many different things to different groups of people. Depending upon such factors as the individual's length of association with the area, his basic reason for interest in the district, his socio-economic background, and his political outlook, he may feel that
development of Gastown is desirable or undesirable, progressing too quickly or too slowly, is being provided with too much assistance from City Hall or not enough, or is bound to progress under any circumstances or needs all the assistance that it can possibly be given.

**TABLE II**

**FORMAL INTEREST GROUPS IN GASTOWN**

<table>
<thead>
<tr>
<th>Group Name</th>
<th>Year Formed</th>
<th>Current Chief Executive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. Interest Groups Concerned</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solely with Gastown:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Townsite Committee</td>
<td>1958</td>
<td>J.W. Parker</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chairman</td>
</tr>
<tr>
<td>Improvement of Downtown East Side</td>
<td>1966</td>
<td>D.A. Lesser,</td>
</tr>
<tr>
<td>Area Society (I.D.E.A.S.)</td>
<td></td>
<td>President</td>
</tr>
<tr>
<td>Gastown Merchants Association</td>
<td>1970</td>
<td>B. Ewald</td>
</tr>
<tr>
<td>Gastown Improvement Assoc.</td>
<td>1969</td>
<td>Dr. R.M. Kaplan</td>
</tr>
<tr>
<td>Residents of Gastown</td>
<td>1969</td>
<td>R. Covenay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>President</td>
</tr>
<tr>
<td><strong>b. City-wide Interest Groups</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active in Gastown:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Planning Department</td>
<td>--</td>
<td>W.E. Graham</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Director</td>
</tr>
<tr>
<td>City Social Planning Dept.</td>
<td>--</td>
<td>G. Witman</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Co-ordinator</td>
</tr>
<tr>
<td>Community Arts Council</td>
<td>1947</td>
<td>B. Baillie</td>
</tr>
<tr>
<td>Vancouver Historical Society</td>
<td>1927</td>
<td>G. Elliott</td>
</tr>
<tr>
<td></td>
<td></td>
<td>President</td>
</tr>
</tbody>
</table>

Source: See text, pp. 63-64.
Probably the major factor in determining an individual's outlook about preservation and rehabilitation of the Old Town is the interest group (or groups) with which he associates. Formalized committees and associations have proliferated in Gastown recently so it is important to understand the outlook and motivation of these groups if the various press releases, public statements, and group actions are to be correctly evaluated. It should be noted that one person can belong to more than one group, so long as this does not create conflict of interest problems. Also, it is important to be aware of the fact that the groups examined in this section of the paper are all formal associations, yet the individual may well belong to numerous informal Gastown groups. He may classify himself as a "developer" or a "street person" or "a member of the hip culture" and this will have a strong bearing upon the context in which his activities should be considered.

Nine interest groups which have been active recently in Gastown are identified in Table II. More detailed information about the four organizations formed specifically to represent and promote business interests of specific Gastown groups is included below.

1. Townsite Committee—represents property owners in Gastown. This organization is the oldest group specifically constituted to represent Gastown interests. The Committee sponsored a successful paint-up clean-up.
campaign during the centennial celebrations of 1958. "A continuous and vigorous restoration programme has been effectively developed and enlarged upon from that time to the present. The group has also actively promoted the ideals represented in [the 'Restoration report'], with a series of pictorial presentations and guided tours, beginning about 1960."

2. I.D.E.A.S.--represents business firms in the Hastings area (mainly those merchants located on Hastings one and two blocks east of Woodwards). Although the association's stated goal is "to promote the improvement needed in the area primarily known as Skid Road," it has proven to be an opponent of the presence of the long-standing residents of the area. The Society advocates removal of the "bums" from the Gastown-Hastings area but has not presented any feasible plans for solving the social ills of the district.

3. Gastown Merchants Association--represents the owners of commercial firms in Gastown (retail stores, restaurants, night clubs). The president of the Association has stated that "the Merchants Association is strictly an association of the merchants, for the merchants....We are more concerned about promoting Gastown as merchants and getting people in to buy our goods than anything else although, naturally, we are very concerned about how it is going to develop."

4. Gastown Improvement Association--formed to bring together the various Gastown interest groups on a common meeting ground. It has been described as "an umbrella group...formed as an overall association to co-ordinate, assist, encourage, and mediate between all other groups." It is composed of representatives from the Townsite Committee, the Merchants Association, the Residents of Gastown, the New Residents of Gastown, the Community Arts Council, and others.

Because the topic of this thesis deals with commercial interests from an economic point-of-view, the two main interest groups with which it will be concerned are the Gastown Merchants Association and the Townsite Committee. This is not meant to indicate that the social or aesthetic
or architectural aspects are not of interest, but rather that they are outside of the realm of the present subject-matter.

Plans for Rejuvenation of the Old Granville Townsite

Once the idea of Gastown as an area worthy of preservation and rehabilitation activities became widely accepted, it was only natural that development plans and reports would be prepared by the various interest groups associated with the district. It is the purpose of this section of the paper to briefly outline the major studies and proposals which have been prepared for the Old Granville Townsite during the past ten years. These plans and reports can be grouped into three distinct categories:

1. those prepared between 1960 and 1968 which were not intended to deal with the Old Town as a valuable historic area to be preserved and rehabilitated, although they do consider issues relevant to, or plans concerning, portions of the Old Townsite;

2. those prepared by the City and Gastown interest groups after mid-1968 which outline proposals for, or the issues in, preservation and rehabilitation;

3. those prepared after mid-1968 which do not deal solely with Gastown, but do consider the area in regard to part of a larger issue.

Three major studies of, or proposals for, segments of the Old Granville Townsite were prepared between 1960 and mid-1968:
The Larry Smith study attempted to identify the areas in Vancouver that were in need of redevelopment and recommend the best starting point for these activities. Two of the areas identified in the analysis (Redevelopment Areas 1 and 3) correspond to Gastown as defined in the present study. This report noted that one-half of the district consisted "primarily of deteriorated, low-intensity commercial uses, such as 'flophouses' and delapidated residential units" while "older, unsightly facilities, mostly housing wholesaling, warehousing, and lower end commercial uses [occupied] the largest portions" of the other. Although the report recognized that this was the Skid Road area of Vancouver and was suitable for urban renewal, the Townsite was saved from demolition when the report recommended that an area further west be given first priority for redevelopment. Had the decision been made to include the Old Townsite in these plans, it is virtually certain that the urban renewal technique employed would have included complete redevelopment with the result that the majority of old buildings would have been
demolished and would not be available today for the development of an historic district.

The "Downtown-East Side" study was prepared as an examination of both the social and physical aspects of Skid Road, although emphasis was placed on the former consideration, and very little was included in regard to the physical situation. The report reviewed and detailed the development of Skid Road, the social problems of the area, and the characteristics of the residents of the district and set out "a policy to overcome the human problems of such areas." No concrete proposals were made but, rather, desirable social goals were outlined. Many residents of Gastown contend that this report resulted in no changes whatsoever in the area.

Project 200 is a proposal for an immense commercial-residential-office complex to be built on a twenty-four acre site on the Burrard Inlet waterfront, along the north side of the peninsula, above the C.P.R. railway tracks. The plan, as originally announced in 1966 by a consortium of four major Canadian firms, was to cost between $200 and $300 million and it was estimated that eventually 29,000 persons would be employed within the borders of the development and another 120,000 would pass through the area daily. A portion of the project was to connect with the central core of the city at Hastings Street. At the time that the news
of the project was released to the public, the consortium was able to announce that "the group owns all of the property it requires for the project" \(^{32}\) and that the connection from the waterfront to Hastings Street was to be made through "the 100 blocks of Cordova and Water Streets.\(^{33}\)

The significance of this project to Gastown is that, as originally planned, it would require the clearing and reuse of land (that is, it would be an urban-renewal redevelopment project) which would cut the historic district in half when the buildings on Water and Cordova Streets are demolished. Many supporters of the rehabilitation of the area contend that this will destroy the cohesion of the district and greatly reduce its appeal. \(^{34}\) They argue that instead of giving the city a "real heart" \(^{35}\) as the President of Project 200 has suggested, it will actually tear out and destroy the original heart of the city. Others have taken a less hostile stand and have suggested that the two areas can be harmonious. A statement by the President of the Community Arts Council was fairly typical of this view, as he suggested that "Gastown could be a marvelous complement to the high-rise developments [of Project 200]. And redevelopment will mean increased property values for the owners and a great tourist attraction." \(^{36}\)

During recent months, numerous persistent rumours have surfaced that the plans for Project 200 have been revised so as to not harm Gastown. \(^{37}\) These reports contend that the
project is to be moved to the west, along the waterfront, and that the mid-section of Gastown will be allowed to develop as an integral part of the historic district. Providing that the Project 200 development does not harm Gastown, the area interest groups tend to favour the project. For example, the Restoration Report suggested that the Old Townsite "must develop integrated ways to become compatible with its large new neighbour, Project 200."38 However, the future of Project 200 and its effect on Gastown is not public information because the developers need not confirm their plans until they apply for demolition or construction permits.

The proposals and studies which deal specifically and solely with Gastown are as follows:


ii. "Recommendation: Proposed Project—East Gastown," prepared by the Vancouver City Planning Department (1970),


The Restoration Report39 was a study conducted jointly by three architectural-planning firms commissioned by the City Council, the Townsite Committee, and Improvement of Downtown East Side Area Society, and the Chinatown Improvement Group. Its aim was generally to examine the problems and
issues and suggest development concepts for "the entire old section of the city. Roughly an area bordered by Cambie Street to the west, Main Street to the east and from the waterfront to the False Creek boundary. This included the bulk of 'Chinatown'--the historic 'Townsite' and the still vigorous shopping borough of Hastings Street." With the exception of the Residents of Gastown, the conceptual goals and recommendations presented in the report have been unanimously adopted by all interest groups located in Gastown as well as by City Council. The City Planning Department, in reviewing the contents of the report for Council, noted that "although the proposals add a new dimension to the word 'beautification' and many of them will require legislative and policy changes, there are significant precedents elsewhere to suggest that the additional work on these matters is not only worthwhile but essential to the successful implementation of such a program for Vancouver." This statement illustrates the fact that the Planning Department is well aware of the availability of examples of historic and commercial rehabilitation in other North American cities.

The section of the report which dealt specifically with the Old Granville Townsite briefly examined some of the problems that will likely be encountered during rehabilitation of the area. Two of the major difficulties foreseen by the project staff were the social problems associated
with displacement of the present transient population and the need for the rehabilitation work to be compatible with, and supportive of, Project 200. The study examined the basis of the appeal of the area and suggested certain steps which could be taken to enhance the attraction of the Old City. These included suggestions for the creation of promenades and walkways, the development of public spaces at Maple Tree Square, Trounce Alley, and the C.P.R. Right-of-way, and the provision of facilities and regulations that would complement the nature of the city's birthplace. Among the improvements suggested for this latter category were proposals "that areas be repaved in brick or cobblestone, that the lighting be replaced or augmented by fixtures which are sympathetic with the character of the area, and that complete control over all signs, and facade modifications be imposed."

The city was very slow to act upon the Restoration Report's recommendation of the undertaking of a Stage II study of Gastown. Finally, more than one year after the restoration study was issued, it resulted in the presentation to City Council by the Board of Administration of a recommendation for such a second-stage study. In this proposal, entitled "General Report--Gastown, Chinatown" (June 12, 1970), the Planning Department suggested both short-term and long range steps to be taken to preserve and rehabilitate the Old Granville Townsite.
Although the city does not presently possess the power to prevent demolition of buildings and, therefore, could not ensure that overzealous developers did not destroy significant structures in the Old Townsite, the Planning Department proposed that the Area be rezoned to CD-1\(^50\) (that is, Comprehensive Development District) in order to "permit the continuance of existing uses as well as provide for new development essential to the envisioned character of the area."\(^51\) This action was intended to provide the city with some control over the development of Gastown while a long-term, overall study was being conducted. This extensive study was to establish comprehensive policies and a development plan for Gastown while investigating "physical, social, and economic problems in more detail"\(^52\) than the Restoration Report. Among the issues to be considered in the study are possible measures that might be utilized to protect and promote the development of Gastown; the possibility of participation by the Provincial government and the community at large; the relationship of Gastown to future freeway and rapid transit development; traffic and parking problems in the Old Area of the City; the possible effect of renewal of Gastown upon property owners in, and adjacent to, the area; the development of plans to deal with the social problems that will be created by the disruption and dislocation of the present population of the Old Townsite. The report specifically identified the major issues as—transportation and parking, effects on
The expanded study will require twelve months to complete and will cost a total of $30,380. The research is to be guided by the following goals, principles, and objectives:

The proposed study would develop in detail and recommend on over-all policy and a method of implementation to ensure the maintenance of the area's unique qualities. The study will:

i. catalogue structures in terms of architectural-historical value;
ii. recommend a plan and detailed policies to guide development of the area including methods of implementation, legislation, and procedures required;
iii. investigate participation by government and community bodies;
iv. recommend precise boundaries for a 'historic precinct';
v. draft detailed zoning regulations and boundaries.

Although originally intended by the City Planning Department to be a part of the Stage II studies, the "Proposed Project--East Gastown," or the Gastown beautification project as it is more commonly known, was considered by Council and passed as a separate project. The design study evolved from the recommendations of the "Restoration Report" and "is intended to produce detailed designs and procedures leading to the implementation of a public and private beautification project in the area designated, which would enhance the special qualities of that area." The study area includes the three-block stretch of Carrall Street from Maple Tree
Square to Pioneer Place plus the unit blocks of Water, Powell, and Alexander Streets. The project will include:

i. the redesigning of all sidewalks, light standards and other street furniture within the area;
ii. the redesigning of Pioneer Place, if necessary;
iii. the designing of first-phase physical development of "Maple Tree Square";
iv. the establishing of general guidelines for exterior renovations and signs on private properties.60

The preliminary estimates state that the total cost of the program will be $273,000, of which the property owners will pay $162,000 by special assessment.61

Two preliminary reports recently completed by the City Planning Department as stages in the preparation of a city plan for Vancouver consider many issues relevant to the development of a rehabilitated Gastown. These two reports are:

i. "Downtown Vancouver Plan, Part I - The Issues" (1968);

It is particularly interesting to note the increased awareness of the potential of Gastown which is evident in the second stage of the preparation of the City Plan, as compared to the first, which was prepared one and one-half years earlier. In "Part I - The Issues," published in December 1968, no mention is made of the potential of the Old Townsite even in the section which deals with "some of the possibilities for civic action to improve the visual character of the City."62
However, by June 1970, when "Downtown Vancouver Development Concepts" (that is, Phase II of the City Plan) was issued, the protection and rehabilitation of the Old Granville Townsite had become a significant matter of concern. In the statement of objectives and goals for the city plan which was built up from opinions solicited from the citizens of the City, the need to protect historic places was clearly recognized and enunciated.

The community, respecting those few significant places and structures remaining from its early history, should adopt measure to preserve and revive them, so that they may again be known and vital to the city and a delight to its visitors. Also, recognizing that aspects of today's Downtown will have historic value to future generations, then there ought to be concern and policies for the protection of selected areas or buildings that may constitute this legacy.

In each of the five alternative proposals for a Downtown plan presented by the Planning Department in the 1970 report, the approach to be taken in Gastown is covered in significant detail. For example, the second alternative plan includes the following statements:

Historic preservation, environmental improvement and the further development of Vancouver's tourist potential would be prime objectives in the Gastown-Chinatown area. In Concept 2, the total area for these projects would be quite modest allowing approximately 10 acres (net) for Gastown and 15 acres (net) for Chinatown. Development would be along an "L"-shaped axis formed by Carrall and Pender Streets. The intersection of Carrall Street and Hastings would mark both the eastern
end of the retail core and the entrance link to the historic area...All land uses which would be developed in a manner complementary to the environmental and historic character of those areas should be permitted. These would include specialty and convenience retailing, entertainment and cultural facilities, a variety of residential types, institutions, offices, and individually considered light industrial and service commercial areas.

The heights, massing and detailing of structures should be regulated so that new development is compatible with the particular character of the area.

Legislation and by-laws should be enacted to protect the community's interest in the preservation and rehabilitation of historic structures and places. A detailed development plan should be prepared for each of these historic parts of the city.64

Although this merely represents one of the steps in the development of a city plan and the plan itself is still at least two years from completion, it is important to note the positive manner in which Gastown is considered. This can be taken to indicate that the City will eventually commit itself to full-scale development of a viable Gastown area.

The Problems and Issues in Gastown

Before Gastown can evolve into a fully developed retail-entertainment-restaurant district that is widely recognized in the same manner as the Vieux Carre or the restored areas of San Francisco, a great many hurdles must be surmounted and numerous problems must be solved. Some of these problems are only of a short-term nature and will likely be resolved within the next year while others will
have very long ranging effects and must be dealt with over the next five years or more. However, whether the problems are long or short-term in nature and whether they are major of minor issues, they will all, in their own way, influence the final form assumed by the Old Townsite.

Once again, the relative importance attached to these problems varies from interest group to interest group. For example, the organizations which represent the population of the area maintain that the major problems are created by those forces which serve to increase rents and drive residents from the area while the Merchants Association is most concerned with those factors which influence potential sales volume and business costs. Because of this lack of agreement, this section of the thesis will deal with the issues in two general categories. First, the most widely recognized issues will be examined—those problems will be investigated which are generally recognized by all groups to be of major significance. Then, the economic issues will be discussed—the issues that are most important to Gastown's merchants and property owners will be considered.

The major issues that are recognized by virtually all of the Gastown interest groups are those which concern the social problems relating to the present population of the area, the need for protective devices to guard against destructive or unsuitable development, and the physical
problems related to traffic patterns and the need for parking facilities in the Old Townsite.

The social issues have, to date, caused the most heated debate and the most widespread disagreement among the various groups. This is partially caused by the strength of the vested interests involved but, also, it relates to the fact that the characteristics and needs of the present population are widely misunderstood. In a 1965 report, the City Planning Department noted that

the popular image of skid road is of a depressed area peopled by chronic alcoholics and hopeless derelicts; an area usually regarded as a necessary evil. This image should be dispelled. Many people live here because they have little choice. Some are physically disabled and live solely on welfare assistance; some are pensioners eking out their allowances in the cheapest accommodation they can find. Some, by lack of skills are practically unemployable; and some live here simply because they enjoy the constant activity of the area.65

Rehabilitation of the area has imposed hardship upon these residents because they have either been evicted in order to make way for the new shops, offices, and residences or they have found that their rents have been forced up by the new development. It is generally conceded that these factors will eventually drive these residents from the area with the result that, sometime in the future, skid road will merely shift its location and be re-established in one or more new locations within the city.66 The residents have
organized to demand that their problems be recognized and that rent controls, or some other solution, be found to offset the trend.

On the other hand, some of the businessmen in Gastown feel that the general public still associates the area with Skid Road and that the image of high crime rates, uncleanliness, and drinking and drug problems keep many prospective customers away. These individuals believe that this resistance cannot be fully overcome until the current population is driven from the area. Those who are sympathetic to the needs of the residents have not yet been able to offer viable plans for solutions to the social problems.

Possibly the best hope for reconciliation of the two opposed views and the eventual solution of the social problems is the sympathetic manner in which the issue was covered in the Restoration Report. It stated that

it is a disturbing consequence that, as a declining area regains a new vitality, the transient and marginal population, having found support in such an area, are displaced. The population, a very visible but small portion of our society, has not been understood and is largely unwanted. The old city is a living room providing low cost living, tolerance, companionship and anonymity. Although studies of the issues and the servicing agencies are somewhat unco-ordinated, some progress has taken place. It is understood that resolutions of these social issues would require a careful study in partnership with the City's Department of Social Planning and Community Development.
Private indoor and outdoor provisions should be available to this population still in contact with their 'known' world. The intention of this report would be to minimize the dislocation by developing accommodation and supportive services for their life patterns with some personal dignity.67

A social survey of the area by the Vancouver City Social Planning Department68 has been included in the Stage II studies as approved by City Council.

The need to provide protection for the buildings in Gastown is widely accepted by all groups which believe the rehabilitation of the Old Townsite to be a desirable development. This protection is required so that the character of the area will not be destroyed by demolition of any of the unique, historic buildings that make up Gastown or by construction of new structures which clash with the scale or character of the Old Town. Although this problem is widely recognized, no clear-cut solution has yet been found. The City Planning Department proposal for the Stage II study noted that "there are several ways to protect and direct the evolution of Vancouver's historic areas...zoning..., the British Columbia Historic Monuments Act..., or the Official Development Plan..."69 The Planning Department believes that zoning is not a satisfactory answer (although it has suggested the use of rezoning of the area as an immediate but short-term, partial solution) but will not recommend a course of action for legislative protection until it completes the Stage II study in 1971.
If the rehabilitation of Gastown is to continue, the area must be protected from the strangling effects of traffic congestion and the possible encroachment of freeway right-of-ways while sufficient parking facilities must be constructed to handle the increased traffic generated by a renewed Gastown. The Old Townsite streets are poorly designed to cope with today's traffic patterns and the unity of the area is threatened by the potential barriers imposed by freeway development and bridge connectors. Parking facilities cannot handle present demands, let alone that which will develop in the future. At the present time, there are no definite plans for construction of parking facilities or solution of the City's traffic and freeway problems. The Stage II study will examine these issues within the general framework and the City Engineering Department will present proposals for traffic control and freeway and bridge placement.

The major economic issues in Gastown relate to the following questions: who should pay the cost of rehabilitation of the area?; what should be done to ensure the survival of the small merchants in the district?; what protection should be provided against increasing costs for property owners and renters?

Even though all parties agree that rehabilitation of Gastown is a worthwhile project, there is no agreement as
to how the costs of the program should be met. The property
owners, of course, have paid for the rehabilitation of their
own buildings and have also agreed to pay almost 60 percent
of the cost of the East Gastown Beautification Project\textsuperscript{70} but
additional amenities and fixtures will be required in the
future and the land owners will certainly not be enthusiastic
about assuming extended costs. City Council has established
a committee to negotiate with the Provincial Government for
financial assistance for the project,\textsuperscript{71} but nothing has
resulted from this as yet and the basic financial questions
remain unanswered.

The property owners in Gastown have approached the
City Planning Department, through the Townsite Committee, to
examine the possibility of provision of tax relief\textsuperscript{72} for those
who have made or will make large financial outlays for res­
toration of buildings in the Old Townsite. They feel that
if such relief is not provided, "it may become uneconomical
to develop their properties to higher revenue-producing
activities, make large expenditures on private and public
improvements, and support the consequential tax increases
on their properties."\textsuperscript{73}

On the other hand, the merchants feel that if the
property taxes and other property-related costs go up, the
land owners will merely pass the increased expenses along to
their tenants in the form of increased rents. The merchants
worry about the fact that, if rents are drastically increased due to raising taxes, greed, or other causes, many Gastown business firms could be forced out of business. The President of the Gastown Merchants Association expressed these fears when he noted that the landowners "could simply be tempted to take somebody else in who is willing to pay twice as much for the space but thereby [the Gastown area] stands to lose the majority of all the independent, little, hand-craft people." 74

This leads into the second part of the issue--how to protect the small firms? The majority of businesses in the Old Townsite have a very low yearly sales volume and are run by individuals with little business experience. 75 If rents drastically increase, this type of firm will not be able to absorb the increased costs and will be forced to cease operation. The Merchants Association President believes that this would damage Gastown economically because without [the little botiques] it will just eventually be a commercial area which will lose its appeal and when people have been here once they will say, 'Aw we don't need to go back there again. It wasn't all that hot after all.' But with the little boutiques and the flair and the guy playing the guitar, there is always something happening ....But if we had to sacrifice all or the majority of the small guys which really does give the flair and culture to Gastown, I think it would lose its appeal to the public. 76
The Appeal of Gastown

In the first Chapter of this thesis, one of the supporting statements to Hypothesis Number One declared that "the customer attraction generated by the Gastown area is based upon the unique identity and authenticity of the area (that is, an appeal based on historic charm) in combination with the novel and contemporary nature of the business firms that are resident in the district, (that is, an appeal based on modernity and uniqueness)." This statement is short and concise of necessity and, therefore, does not fully explain why Gastown has become so popular for Vancouverites to visit nor why the rehabilitation of the area has received such favourable publicity. It is the purpose of this section to expand upon the definition of the appeal of the Old City in order to set the functional analysis and economic study in context.

The portion of the appeal of the Old Townsite that is based upon historic charm is an extremely complex force. It gains part of its strength from the reaction of modern man to the negative characteristics of the skyscrapers that he has created—their overpowering size, harsh geometry, and impersonal nature. As well, he has begun to realize that the wholesale demolition of structures in the older areas of his city and their replacement with modern buildings is creating a barren, uninteresting urban area and is robbing
him of his cultural and historic heritage. In Gastown, many citizens of Vancouver see an area which can combat these trends or, at least, provide a reasonable alternative to the shining glass and concrete concentrations of the West End and the downtown areas.

The architecture of the Old Granville Townsite maintains a strong link with Vancouver's early life and culture. These buildings are neither artificial nor contrived, yet are adorned with some of the most flamboyant and rich embellishment in North America. Some are architectural masterpieces while others are just strong eclectic expressions in a new architecture—the architecture of the West Coast. Individually they are exciting, at times beautiful, and at times absurd—collectively they create an area unparalleled in North America for richness and potential.

The three and four storey buildings located in the Old Townsite do not tend to overpower the individual but, rather, draw him into the area to discover the variety and diversity of the district. Gastown maintains an attraction for all those who appreciate the aesthetic appeal and uniqueness of the old designs and the history embodied in the buildings.

There are also many sides to the segment of Gastown's appeal which is based upon the nature of the shops and other businesses that have recently located there.
Once again, a portion of this attractive force relates to the reaction by modern man to his highly technical and impersonal environment. In order to gain some measure of individuality and distinctiveness, he has begun to look for unique and hand-crafted items, which is basically the type of merchandise that the typical Gastown merchant specializes in. In order to protest against the perceived short-comings of 'big business' as well as to gain more and better personal service, he has begun to patronize the small, independent store which, once again, is one of the characteristics of the majority of Gastown shops.

But the "reaction" theory is not sufficient to fully explain the drawing power possessed by Gastown. A portion of the charisma of the area relates to the fact that Gastown is directly in the mainstream of an important contemporary trend. Modern man is continually looking for ways to fill his increased leisure time and the restaurants, clubs, and even the merchants of Gastown are filling this need. The typical shopping trip to the area is characterized by leisurely browsing rather than the hectic rush of the downtown or the contemporary suburban shopping centre. Gastown is superbly suited to provide these leisure-time activities because of its proximity to the CBD and the fact that its concentration of re-r activities provides a number of alternatives for the leisure-seeker. In addition, Gastown
is becoming known as an area where those who are up-to-date and in the forefront of contemporary life in the city are going to eat, shop, and enjoy themselves. In other words, in this modern world, "people are looking for spontaneous collective excitement" and many of the "in-crowd" believe that they can find it in Gastown.

The authors of the Restoration Report appear to be fully aware of the major facets of the appeal of Gastown when they note that

the role that this district can fulfill comes not only from its historical connotation but from its location and physical character. The close scale and variety of the buildings, whether significant or modest, give a quality to the streets which cannot be duplicated. The buildings are, with few exceptions, continuous facades and sound structures. The east-west streets and alleys turn in a geometry which, as in medieval cities, closes the vistas on building faces. The north-south streets and spaces offer a view to the harbour and mountains....

It is natural that this part of the city would begin to focus the dispersing and unconnected specialty shops, galleries, boutiques, showrooms, studios, offices and residence for people attracted back into the city's life. It would also support restaurants, cafes, and all levels of entertainment.

This chapter has reviewed the past and present history of Gastown as well as the various plans that have been suggested for the area in the light of urban renewal and commercial rehabilitation theory. It has been observed that the Old Townsite has experienced the emergence of the
same general natural forces as other North American cities in similar situations. That is,

1. Vancouver began to experience an increase in the rate of urbanization during the 1880's and this trend along with one toward suburbanization, has continued unabated up to the present time;

2. during the early years of the twentieth century when Vancouver was little more than forty years old, all of the problems characteristic of the urban crisis could be observed in Gastown. The buildings located there had become functionally obsolete and the area was badly congested with the result that residents and business firms, alike, began to flee to other areas;

3. as the centre of the city shifted away from the Old Townsite, property owners in the district failed to react positively to the new conditions and neglected to repair and maintain their buildings. The area then fell into a blighted condition. As deterioration, decay, and obsolescence spread throughout the district, it was taken over by Vancouver's skid road population and Gastown began to suffer from the extensive social and economic costs that result from the spread of blight;

4. during the past decade, Vancouver City Councils have demonstrated increasing concern about the deterioration of the Carrall-Cordova-Powell-Alexander area. Prior to 1968, various urban renewal proposals were put forward for the rejuvenation of the district; most of which involved the use of the classic redevelopment techniques of demolition and replacement of blighted structures. However, due to a combination of Council inertia and other circumstances, Vancouver's only historic district was saved from destruction;

5. as the development of these urban renewal proposals began to threaten to destroy both the structures and nature of the Old Townsite, various groups began to press for the preservation and rehabilitation of the threatened structures. However, it was not until 1968 that the Community Arts Council was able to gain unified support from these interest groups for a scheme to publicize the matter. The vehicle used was a combined lecture and guided tour
which succeeded in building extensive public interest in the preservation and rehabilitation of the Old City. It is likely that the outlook of the majority of the members of the Community Arts Council was such that the association's basic goal was to promote historic rehabilitation in Gastown;

6. the summer following the Arts Council tours witnessed the first movement of merchants and developers into Gastown and, within one year, the rehabilitation activities in the area had taken on major proportions. Because the motivation of the businessmen that began to locate there concerned monetary gain rather than purely aesthetic reasons, the rejuvenation of Gastown must be classed as commercial rehabilitation.

The remainder of the thesis will examine specific physical and economic factors in Gastown in order to determine if the development to date has been economically justifiable and whether the area can survive over the long run.
Footnotes: Chapter III


3Among the Burrard Inlet settlements which pre-date Gastown are Port Moody (1859), at the head of the inlet; "the three greenhorns claim" (1962), in the area now known as Vancouver's West End; and Graham Company's Pioneer Mill (1862), which was located one-quarter mile east of the present day foot of Lonsdale Avenue in North Vancouver (later renamed Moodyville). Source: A. Morley, Vancouver: From Milltown to Metropolis, Vancouver: Mitchell Press, 1969. Most of this section has been freely adapted from this source and will, therefore, not be footnoted further, except in the case of direct quotations.


6Ibid., p. 72.

7Ibid.


11Ibid., p. 178.

12Vancouver City Planning Department, Downtown-East Side, p. 20.
D. Stainsby, "Vancouver—Ending an Era of Genteel Decay, Exciting New Life Styles Spring up in West End and Gastown," *The Vancouver Sun*, December 31, 1969, p. 11A

Chicago Tenants Relocation Bureau, *The Homeless Man on Skid Road*, as cited in Vancouver City Planning Department, *Downtown-East Side*, p. 20.


Vancouver City Planning Department, *Downtown-East Side*, p. 21.


While researching this paper, the author interviewed numerous individuals with interests in Gastown. It was surprising to find the large number of groups who claim credit for getting Gastown started or for being the first to become aware of its potential. The author chose the "Community Arts Council Walk" as the turning point in the life of the area because this is the event that the largest number appear to give credit for setting the program in the right direction. However, it is worthwhile to note that, since so many different groups and individuals claim credit for Gastown's rebirth, it is likely that the concept was an idea "whose time had come." That is, it is probable that many separate formal and informal organizations conceived of the rehabilitation prospects of Gastown at approximately the same period of time. This should serve to strengthen the development, in that the project can be said to be "of the people," rather than one imposed by a government agency or other bureaucratic organization. This extensive awareness can be expected to provide a ready-made broad base upon which redevelopment agencies can depend for support.


22 B. Ewald, President of the Gastown Merchants Association, Interview with the writer, September 4, 1970.

23 Dr. R. M. Kaplan, President of the Gastown Improvement Association, Notes made by writer during speech to City Council, July 7, 1970.


25 Ibid., p. 15.

26 Ibid., p. 17.

27 Vancouver City Planning Department, Downtown-East Side, p. 45.


29 The four firms which formed Project 200 Properties Limited are: Grosvenor-Laing Development Co. (Canada) Ltd.; Marathon Realty, the real estate subsidiary of C.P.R.; Woodward Stores Ltd.; and Simpson-Sears Ltd.

30 For an example of an article which placed the cost of the project at $200 million, see The Vancouver Province, "Project 200 Properties Limited," August 27, 1966, p. 23. On the other hand, B. Elsie, "Project 200 Shaping Up," The Vancouver Province, June 3, 1967, pp. 1-2, sets the figure at $300 million.

31 The Vancouver Sun, "Project 200 to Employ 29,000 Official Predicts," March 29, 1967, p. 29.


41. Vancouver City Planning Department, "Stage I Beautification Studies," p. 8.


43. Ibid., p. 25.

44. Ibid., p. 24.

45. Ibid., p. 25.


47. Ibid., p. 28.


Vancouver City Planning Department, "Recommendation: General Report—Gastown, Chinatown." Unpublished report File Ref. C.36.4.2, Vancouver: City Planning Department, June 12, 1970, pp. 2-3 and 8. For the boundaries of the rezoning area see Map 2, Figure A.

As of the date of writing, City Council had not yet ruled upon the application for rezoning to CD-1. However, the establishment of a Gastown Advisory Committee, a site office, and a committee of council to negotiate with the provincial government on financial involvement was approved at the July 7th Council Meeting. Two weeks later, Council approved expenditure of the $17,800 necessary in 1970 to begin the study and authorized submission of application of the zoning charge and initiation of the proposed Stage II study.


60 Ibid.,

61 Ibid., p. 3.


63 Vancouver City Planning Department, *Downtown Vancouver Development Concepts*, Vancouver: City Planning Department, 1970, p. 22.

64 Ibid., pp. 37-38.

65 Vancouver City Planning Department, *Downtown-East Side*, pp. 13-14.

66 For reports stressing this viewpoint see: P. Musgrove, "No Room at the Inn as Gastown Goes Mod," *The Vancouver Sun*, August 8, 1970, p. 10; and J. Griffiths, "'Curb Rents' Plea from Gastown," *The Vancouver Province*, July 8, 1970, p. 7.


68 Vancouver City Planning Department, "General Report--Gastown, Chinatown," Appendix 3-C.

69 Ibid., Appendix 1.

70 Vancouver City Planning Department, "Proposed Project--East Gastown," p. 3.

71 Vancouver City Planning Department, "General Report--Gastown, Chinatown," p. 8.

72 Ibid., pp. 7-8.
This thesis, p. 13-14.


CHAPTER IV

THE NATURE OF BUSINESS CHANGE IN GASTOWN

Gastown, 1970, is Vancouver's newest and most dramatically changed and changing area, where vestiges of the old city remain and are treated mostly with respect, oftentimes with a refreshing irreverence, always with imagination. Each day, it seems, some new place opens.¹

The buildings situated within the Gastown Study area contain 400,000 square feet of ground floor space and more than one and three-quarter million square feet of floor area in total.² This information, although of general interest, cannot be utilized directly in this thesis because it does not provide data about the size, number, or nature of businesses currently located in Gastown. Although the study area is relatively small in relation to the CBD,³ it contains a multiplicity of business-types⁴ which must be analyzed by category in order to determine the economic viability of the district.

Before a comprehensive economic analysis of an area such as Gastown can be conducted, it is necessary to determine the present character of and changes that have taken place in the types of businesses that reside there, so
that the study can be guided by a proper understanding of the functional components of the district.

Therefore, the purpose of Chapter IV is three-fold:

1. to determine the present business-mix in Gastown;
2. to determine the changes that have taken place in this business-mix over time; and
3. to utilize the data so determined to predict future changes in the area.

The method that will be employed to gather this information, will be the "functional classification" technique, as defined by Weiss.\(^5\)

Functional Analysis of Land Use in Urban Areas

Urban land economists have developed a number of methodological approaches which can be utilized to describe and measure the economic and physical characteristics of urban areas. Weiss, in a comprehensive study of methods of CBD analysis, noted that four different "economic base approach" techniques were available for the investigation of changes in metropolitan areas:

1. retail sales attraction,
2. land values,
3. daytime population, and
4. functional classification.\(^6\)

The last approach is the broadest and most detailed. It may incorporate any or all of
the other approaches enumerated; however, the emphasis is on comprehensive rather than segmental analysis.7

Because the first three methods will be employed in later chapters in this thesis, they will not be described at this time.

Functional classification analysis employs the basic techniques of traditional zoning surveys, but the approach has been altered to better suit the needs of urban land analysts. It utilizes a land classification system based upon the nature of the activity predominant at each particular location within the survey area (that is, based upon the function performed at each location) rather than one founded upon a description of the type of business located there. This is necessary because "every business is a packet of functions and within limits these functions can be separated and located at different places."8 The type of problem that this methodology attempts to overcome is exemplified by that which occurs when a district containing a number of buying offices for department and chain stores is placed in a "retail-type" category, rather than the more suitable "office-type" classification. If such an area is classified as "retail-type," the survey will actually describe the type of business that utilizes the premises, rather than the function which is performed at the location so the results will be misleading (that is, this would prompt individuals
reading the report to assume that retail sales are made at the location, when this is not the case).

The strength of functional-type analysis is both that it is more closely describes the true nature of the land use in an area and that it produces a clear picture of the trend of land use changes over time. "While trends in retail sales attraction, land values, and daytime population may be employed as symptomatic indicators of changes in the CBD, land use surveys taken at periodic intervals may be used to measure directly the changes occurring in the structure of the CBD." In addition, this methodology can be readily modified in order to provide information appropriate to each specific study.

The major drawback of the functional analysis method has been that it is difficult to establish precise, yet broadly acceptable, categories based on business functions. "The very useful Standard Industrial Classification Manual has been widely used in studying the functions of the CBD, but its organization by industries instead of by function makes it cumbersome." During the early 1950's a number of researchers produced functional classification systems but the results were generally criticized because of "ambiguity in terminology and the omission of a detailed enumeration of subgroups and individual categories."
In 1957, Weiss suggested a "Functional Classification System for CBD Land Use Analysis in Small Metropolitan Areas" which has been widely accepted. The major categories of functional land use included in this system were:

1. Retail - Type Use,
2. Office - Type Use,
3. Parking Use,
4. Public Use,
5. Quasi-Public Use,
6. Wholesale - Type Use,
7. Industrial - Type Use,
8. Residential Use.

Although the majority of references to functional-type analysis in secondary sources appear to describe its application in Central Business District Studies, it has also been widely applied by urban planners to study sub-areas of the CBD for specific purposes. Providing that the study area is logically and specifically defined, functional analysis can be an extremely valuable tool in analyzing land use in small urban areas such as Gastown.

Methodology Employed to Measure Land Use Changes in Gastown

Although there are a number of different variations of the functional approach that could have been employed in this study, it was decided that the "directory method" would be the most appropriate, given the limitations imposed upon a researcher working alone. The general methodology utilized by Ratcliff to study the Madison Central Business Area was adopted with one major modification as suggested in the Weiss
research paper. The Ratcliff study was specifically believed to represent the most suitable method of land use analysis upon which to pattern the present survey, because it was well documented, and because it was "concerned primarily with shifts in the pattern of retailing activities" which is also the major interest of the present study.

The objectives of the directory study method, as set out by Ratcliff, were "to examine the functions of the central area, to reveal and explain changes in such functions over time, and to base a forecast of the future role of the central area on the perspective of functional shifts." Ratcliff conducted his investigation by utilizing city directories to determine the function performed at each non-residential location in the CBD at five year intervals, from 1921 to 1950. The categorization system that he employed was that set out in the Madison City directory. He compiled data only for ground floor locations because of his predominate interest in retail activities which are concentrated at street level.

"In using the city directories, Ratcliff found the problem of classification to be troublesome mainly because the directories were not fully descriptive, nor were they entirely consistent from year to year." For this reason, a broad functional classification system has been employed for the Gastown study, in order to avoid dependence upon the
directory classification system. The specific categories used (see Appendix C) were basically those proposed by Weiss, and referred to earlier in this chapter. A new classification was added for vacant buildings while "public use" and "quasi-public" use were combined. Also, agents, brokers, and manufacturers' sales offices (that is, categories which do not carry stock on their premises) were removed from the "office-type use" category, and combined with "wholesale-type use" while a new category was created for storage and warehouse use included by Weiss with "wholesale-type use." The functional categories employed are as follows:

1. Retail - type Use
2. Office - type Use,
3. Parking Use,
4. Public and Quasi-Public Use,
5. Wholesale - type Use,
6. Industrial - type Use,
7. Residential Use,
8. Storage and Warehouse Use,
9. Vacant or Under-going Renovation.

In order to compile a comprehensive list of the location of businesses within the study area, the author spent two days (July 18 and July 20, 1970) walking the district, listing the necessary information. As the study progressed, this information was constantly rechecked and brought up-to-date, so that the data ultimately utilized is correct up to the week of September 28, 1970. As well as serving as a master list to provide guidance for the directory study,
this listing also supplied the data for compilation of a 1970 Gastown land use map (see Map 5).

The businesses located in the study area were determined for each year from 1965 to 1969 from the Vancouver City Directories of those years. This information was utilized to chart land use change in the Old Townsite during the study period as well as to prepare a 1965 land use map (see Map 4).

Only ground floor locations were analyzed in the study. Justification of the decision to limit the investigation to street level locations can be taken directly from Ratcliff's statement that it was not a denial of the importance of upper floor office use in central area analysis. The shifts in office use are significant and deserve attention. But this study has been focused on the more intensive central land uses, particularly retail services, in order to cling most closely to the current concern of property owner, merchant, and tax collector.21

The data gathered during the directory survey has been tabulated and graphed in order to isolate and determine the functional changes that have taken place in Gastown. This information was then utilized to infer land use trends that will develop in the district in the near future.
The Nature of Business Change in the Old Townsite:  
1965 - 1970

Ground floor land use in the study area in 1965 is illustrated in Map Number Four. The year 1965 has been selected as a "pre-Gastown" example because it sufficiently pre-dates the "turning point" as set out in Chapter III that the land use pattern can be considered to result from forces other than those directly attributable to the rebirth of Gastown.

The 1965 street level land use pattern reflects the presence of two major factors in the Old Townsite—the existence of functional obsolescence in the buildings in the area and the presence of Vancouver's Skid Road. Due to the fact that a large number of the buildings had been struck by functional obsolescence, many had become completely unusable prior to 1965 and, therefore, stood vacant. Other buildings, particularly those along Water Street, were occupied by firms such as wholesalers and public warehouses, that required very low rental rates. Scattered throughout the area were many small merchants who catered to the Skid Road trade, while other fringe merchants and discount stores were spread along West Cordova.

The Gastown 1970 ground floor land use map (Map 5) clearly indicates the extensive changes that have taken place
in the functional-mix of the district. A large number of retail-type establishments have located along Water Street in the unit and hundred blocks, as well as around Maple Tree Square (that is, in the East Townsite). These retailers have generally replaced "wholesale-type" and "industrial-type" establishments. At the same time, with the exception of the forced vacancy of the Stanley-New Fountain Hotel buildings, there has been very little land use change in the West Cordova area. These changes are more clearly demonstrated in Table III.

TABLE III

CHANGES IN GROUND FLOOR LAND USE, 1965 - 1970

<table>
<thead>
<tr>
<th>Category</th>
<th>1965 Number of Ground Floor Locations</th>
<th>1970 Number of Ground Floor Locations</th>
<th>Net Change (Plus or Minus Mutations)</th>
<th>Percentage Change (1965 = Base)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Retail-type Use</td>
<td>70</td>
<td>104</td>
<td>+34</td>
<td>+49%</td>
</tr>
<tr>
<td>2. Office-type Use</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>static</td>
</tr>
<tr>
<td>3. Parking Use</td>
<td>10</td>
<td>11</td>
<td>+1</td>
<td>static</td>
</tr>
<tr>
<td>4. Public and Quasi-Public Use</td>
<td>3</td>
<td>4</td>
<td>+1</td>
<td>static</td>
</tr>
<tr>
<td>5. Wholesale-type Use</td>
<td>65</td>
<td>39</td>
<td>-26</td>
<td>-40%</td>
</tr>
<tr>
<td>6. Industrial-type Use</td>
<td>10</td>
<td>6</td>
<td>-4</td>
<td>-40%</td>
</tr>
<tr>
<td>7. Residential Use</td>
<td>1</td>
<td>-</td>
<td>-1</td>
<td>static</td>
</tr>
<tr>
<td>8. Storage and Warehouse Use</td>
<td>39</td>
<td>37</td>
<td>-2</td>
<td>-5%</td>
</tr>
<tr>
<td>9. Vacant and Undergoing Renovation</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>static</td>
</tr>
</tbody>
</table>

Total: 204 207 +3 +2%

Source: See Text, 105-110
GROUND FLOOR LAND USE, OCTOBER 1965

- Retail-type Use
- Office-type Use
- Parking Use
- Public and Quasi-public Use
- Wholesale-type Use
- Industrial-type Use
- Residential Use
- Storage or Warehouse-type Use
- Vacant or Undergoing Renovation

GROUND FLOOR LAND USE, SEPTEMBER 1970

- Retail-type Use
- Office-type Use
- Parking Use
- Public and Quasi-public Use
- Wholesale-type Use
- Industrial-type Use
- Residential Use
- Storage or Warehouse-type Use
- Vacant or Undergoing Renovation

Source: See text, pp. 105-106.
By utilizing Ratcliff's method of "observing the categories showing 'plus mutations' and 'minus mutations' in the [study] period, as well as those remaining 'static'," the essence of the business changes that have taken place in Gastown can be isolated. Table III shows that, from 1965 to 1970, the number of ground floor retail-type locations increased by 49 percent while wholesale-type and industrial-type land use decreased by 40 percent. In absolute numbers, all other categories remained unchanged (that is, they remained "static"). However, detailed examination of Maps Four and Five isolates the fact that, although the land use of individual buildings has altered over the five year study period, their place in the functional category has been taken by others in the area.

Two of the categories that remained static deserve further comment--vacant buildings (category number 9), and parking use (category number 8). Although the number of "Vacant" locations decreased only 5 percent during the study period, the pattern of location of these structures changed a great deal. Only eight of the thirty-nine locations vacant in 1965 were still unoccupied in 1970. Also, the outlook for vacant buildings is vastly different in 1970 than it was for empty structures five years earlier. In 1965 it was difficult to find renters for many of the obsolete structures in the area while, in 1970, development plans have been announced or renovation is underway in fifteen of the thirty
seven vacant ground floor addresses. At the present time, unoccupied locations are concentrated in the unit block of Water Street and around Maple Tree Square. This is a temporary situation since many of these vacancies have resulted from the short-term effects of functional shifts from one use to another.

The fact that the parking use category remained static over the five year period in addition to the fact that no expansion of parking space in Gastown or the adjacent area is planned, will have long term significance for the rehabilitation of the Old Townsite. As additional retail facilities are developed and result in increased customer traffic and as the area undergoes increasing intensity of land use, a substantial addition to the number of Gastown or adjacent area parking spaces will be required. At the present time, only four of the eleven parking lots in Gastown are open to the public and these contain only 207 parking stalls (see Map 6). On-street parking provides merely an additional 194 spaces. There are six parking lots adjacent to Gastown but the two department store parking structures are presently utilized to capacity and the remainder provide only 146 parking spaces. If the parking capacity in and around Gastown is not expanded in the near future, it is likely that the area's retail sales volume will eventually be restrained because shoppers are not able to park where they can gain reasonable access to the area.
Public Surface Parking Lots (hourly rates)

Private Parking Lots (reserved space only)

Department Store Parking Structures

Source: See text, pp. 109-112.

Numerals (eg., 99) indicate number of parking spaces in lot

Arrows (eg., →) indicate direction of vehicular traffic flow
TABLE IV

NUMBER OF PARKING LOTS AND PARKING CAPACITY OF GASTOWN AND ADJACENT AREA

Number of Parking Lots

Number of Parking Lots Located in Gastown:
  Public Lots  4
  Reserved Lots  7  11

Number of Parking Lots Adjacent to Gastown:
  Public Lots (including department store parking structures)  5
  Reserved Lots  1  6

Total  17

Parking Spaces Available for Gastown Traffic:
  Number of public spaces in Gastown Lots  207
  Number of spaces on street (metered)  194
  Number of spaces in lots adjacent to Gastown*  146

Total  547

*Does not include 1163 parking spaces in department store parking structures.

Source: See text, p. 110.

Although the discussion to this point has established the fact that extensive land use changes have and are continuing to take place in Gastown, the form of the analysis can be criticized for two reasons. Firstly, the study has failed to pinpoint the specific time period in which the changes began to occur. In addition, it is evident that the functional categories employed in the study are too coarse,
as they do not separate the changes that are directly attributable to the rehabilitation of Gastown from those which are the result of other forces.

The information presented in Figure V clearly illustrates the fact that these functional changes have taken place only since October 1969. This graph has been constructed by calculating the percentage of total Gastown ground floor locations attributable to each of the major functional categories. All classifications remained fairly stable from 1965 to 1969 but in 1970 retail-type use rose dramatically (from 34 percent to 50 percent), while wholesale-type and industrial-type uses markedly decreased (from 32 percent to 19 percent and from 5 percent to 3 percent, respectively). This indicates that, although Gastown gained a great deal of publicity from the Community Arts Council Walk of September 1968, it was not until more than one year later that merchants and other developers were able to capitalize on it by moving into the area.

Another trend that is underscored by the data in Figure V is the increase in the number of ground floor locations that has recently occurred. Even though ten street level locations were demolished to make way for the new Canadian Pacific Tele-communications building, the number of ground floor premises increased from 187 in 1966 to 204 in 1970. This has been the result of pressure created
FIGURE V
PERCENTAGE DISTRIBUTION OF GROUND FLOOR LAND USE, 1965 - 1970

Retail-type Use (Category No.1)
Wholesale-type Use (Category No. 6)
Vacant or Undergoing Renovation (Category No. 9)
All Other Categories

* = Date of "Gastown Revisited" Walk

Source: See text, pp. 113-115.
by the need of retailers to gain ground floor locations in order to attract walk-in business as well as the increased intensity of land use that is characteristic of a specialty shop area. In order to create additional ground floor locations and in order to make better use of large areas that had previously been underutilized as wholesale or warehouse space, land owners have partitioned a number of buildings in Gastown. For example, an arcade containing eight shops was created at 308 Water Street from space that had previously been used for basement storage while four stores were built in a renovated area on Goaler's Mews in space that had previously been unsuitable for any purpose whatsoever.

In order to isolate the business changes that have resulted solely from the recent rehabilitation of Gastown, it is necessary to re-examine the functional components that were included in the retail-use category. This classification is too gross as, in addition to the new Gastown businesses, it includes numerous retail and personal service firms which are neither the result of, nor necessarily compatible with, the rebirth of Gastown. It is illogical to group together boutiques and French restaurants with corner grocery stores and discount outlets when analyzing the growth of R-E-R activities in the district.

In order to overcome this problem, it was necessary to develop a sub-category of the retail-type classification
which contained only those firms appropriate to a rehabilitated Gastown. Businesses included in this new classification were designated as "Gastown-compatible" and shall be identified as such throughout the remainder of the thesis. Gastown-compatible firms are considered to be those which are suitable for a district with characteristics such as those described under the "The Appeal of Gastown" in Chapter III. That is, businesses which:

- identify with the cultural and historic charm of the area;
- utilize the distinctive architecture of the area in unique and original ways;
- add to the variety and diversity of the district;
- handle unique hand-crafted items and emphasize personal service and leisurely browsing; and
- are considered to be novel, yet in the mainstream of contemporary life styles.

The major criticism that can be made of this new classification is that it is essentially based upon a value judgment. Although it is reasonable to assume that the majority of firms designated as being Gastown-compatible would be acceptable to individuals with some knowledge of the area, it is evident that there will always be a certain number of businesses in a grey area which some would include in this category and others would not. The author has attempted to overcome this problem by acquiring as much information as possible about those firms for which the decision was in doubt. In those cases where the decision to
include a specific business in the Gastown-compatible category could not be firmly justified, the business was excluded.

The location of those firms which have been included in the Gastown-compatible category as well as the location of Gastown-compatible projects which have been officially announced or are presently underway is illustrated in Map Seven. This exhibit clearly demonstrates the clustering of these firms along Water Street and around Maple Tree Square (that is, in the East Townsite) and the minimal development that has occurred along West Cordova. Although this map includes both ground floor and other locations within specific buildings, it must be emphasized that the majority of this development is at street level. It is, therefore, evident that, as the growth continues, the available ground level space will be used up and will cause rental rates to increase as it becomes a scarce commodity.

The total floor area occupied by Gastown-compatible businesses is 145,250 square feet, of which 112,150 is located on the ground floor. Ninety-eight separate shops in sixty-five different premises have been designated as Gastown-compatible. The functional distribution of these businesses is set out in Table VI which utilizes and adaptation of Weiss' functional classification system to categorize the businesses.
MAP 7
LOCATION OF GASTOWN-COMPATIBLE BUSINESSES, SEPTEMBER 1970

- Gastown-Compatible Businesses More Than Two Years Old
- Gastown-Compatible Businesses Less Than Two Years Old
- Projects Announced or Renovation in Progress

Source: See text, pp. 115-117.
### Explanation of Code

**Gastown-Compatible Businesses more than Two Years Old**

<table>
<thead>
<tr>
<th>Code Number</th>
<th>Business Name</th>
<th>Address</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Yardstick</td>
<td>350 West Cordova</td>
<td>17 years</td>
</tr>
<tr>
<td>2</td>
<td>New Look Interiors</td>
<td>316 West Cordova</td>
<td>10 years</td>
</tr>
<tr>
<td>3</td>
<td>The Exposition Gallery</td>
<td>151 Water St.</td>
<td>3 years</td>
</tr>
</tbody>
</table>

**Gastown-Compatible Projects Announced or in Progress**

<table>
<thead>
<tr>
<th>Code Number</th>
<th>Address</th>
<th>Nature of Name of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>21 Water</td>
<td>300 fondue seat restaurant, complete renovation of four storey building to produce deluxe office space,</td>
</tr>
<tr>
<td>5</td>
<td>1 Alexander</td>
<td>Gassy Jack's: 225 seat theatre restaurant,</td>
</tr>
<tr>
<td>6</td>
<td>7 Alexander</td>
<td>La Crepe Bretonne: French restaurant,</td>
</tr>
<tr>
<td>7</td>
<td>308 Water</td>
<td>extension to Woodward's parking garage; tentatively planned to provide approximately 30 new ground floor shops,</td>
</tr>
<tr>
<td>8</td>
<td>130-136 Water</td>
<td>300 seat &quot;family style,&quot; low priced restaurant-entertainment complex,</td>
</tr>
<tr>
<td>9</td>
<td>68 Water</td>
<td>Danish Designs: home accessories,</td>
</tr>
<tr>
<td>10</td>
<td>8 Water</td>
<td>Gastown Omelette and Cider Shoppe: novelty restaurant,</td>
</tr>
<tr>
<td>11</td>
<td>3 Gaoler's Mews</td>
<td>renovation of Stanley-New Fountain Hotels by Gastown Residents Association: will provide a minimum of ten remodelled and refurbished ground floor shops,</td>
</tr>
<tr>
<td>12</td>
<td>53 Powell</td>
<td>le Coq Au Vin et La Crepe Normandie: French restaurant.</td>
</tr>
</tbody>
</table>
### TABLE VI

**DISTRIBUTION OF GASTOWN-COMPATIBLE BUSINESSES BY TYPE**

#### A. Retail-Trade Establishments

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Eating, drinking places</td>
<td></td>
</tr>
<tr>
<td>a. Restaurants</td>
<td>4</td>
</tr>
<tr>
<td>b. Coffee Houses (with entertainment)</td>
<td>2</td>
</tr>
<tr>
<td>2. General Merchandise Stores</td>
<td></td>
</tr>
<tr>
<td>a. Import Stores</td>
<td>3</td>
</tr>
<tr>
<td>3. Apparel, Accessories Stores</td>
<td></td>
</tr>
<tr>
<td>a. Shoe Stores</td>
<td>2</td>
</tr>
<tr>
<td>b. Men's Clothing and Furnishing Stores</td>
<td>1</td>
</tr>
<tr>
<td>c. Women's Clothing, Specialty Stores</td>
<td>11</td>
</tr>
<tr>
<td>d. Men's-Women's Clothing Stores</td>
<td>1</td>
</tr>
<tr>
<td>4. Furniture, Home Furnishings Stores</td>
<td></td>
</tr>
<tr>
<td>a. Furniture Stores</td>
<td>5</td>
</tr>
<tr>
<td>b. Home Accessory Stores</td>
<td>1</td>
</tr>
<tr>
<td>5. Antique Automobile Parts</td>
<td>1</td>
</tr>
<tr>
<td>6. Other Retail Stores</td>
<td></td>
</tr>
<tr>
<td>a. Jewelry Stores</td>
<td>1</td>
</tr>
<tr>
<td>b. Fabric, Drapery Stores</td>
<td>2</td>
</tr>
<tr>
<td>c. Boutique Gifts, Novelty, Souvenir Stores</td>
<td>10</td>
</tr>
<tr>
<td>d. Music Stores</td>
<td>1</td>
</tr>
<tr>
<td>e. Leather Goods Stores</td>
<td>3</td>
</tr>
<tr>
<td>f. Antique and Second Hand Stores</td>
<td>30</td>
</tr>
<tr>
<td>g. Art Galleries</td>
<td>4</td>
</tr>
<tr>
<td>h. Contemporary Print Stores</td>
<td>1</td>
</tr>
<tr>
<td>i. Pottery, Hand Crafted Art Stores</td>
<td>2</td>
</tr>
<tr>
<td>j. Artist, Sculpture Studios</td>
<td>4</td>
</tr>
<tr>
<td>k. Ethnic Stores (e.g., Indian Imports)</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>91</strong></td>
</tr>
</tbody>
</table>

#### B. Establishments Offering Personal Services Primarily to Consumers

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Beauty Shops</td>
<td>1</td>
</tr>
<tr>
<td>b. Photographic Studios</td>
<td>1</td>
</tr>
<tr>
<td>c. Dressmakers</td>
<td>1</td>
</tr>
<tr>
<td>d. Interior Decorating Service</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

#### C. Amusement and Recreation Establishments

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Cabarets, Night Clubs</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Number of Gastown-Compatible Firms</strong></td>
<td><strong>98</strong></td>
</tr>
</tbody>
</table>

**Source:** See text, p. 117.
Implication for the Future

The speed at which the functional changes have taken place in Gastown has been very dramatic. In the relatively short space of twelve months since Gastown-compatible businesses first began moving into the area in large numbers, these firms have become a major component of the business-mix of the district. They presently occupy one-quarter of all ground floor space in the district and the continued increase of this proportion shows no signs of abating during the foreseeable future. If no projects other than those which have already been officially announced (see Map 7) are completed during the next year, the amount of floor space devoted to Gastown-compatible businesses will still increase by 75 percent. Gastown-compatible R-E-R businesses will then occupy 50 percent of all ground floor area in Gastown.29

The specific direction that the development of Gastown will take after these projects are completed is uncertain.30 The supply of ground floor space in the district is limited, yet the demand for these locations will increase as the customer-attraction power of the area gains strength. As a result, the few vacant buildings, with the possible exception of those on West Cordova, and the remaining wholesale locations in the East Townsite, will soon be occupied by retail firms. In addition, as businesses compete
for the scarce resource that street level space has become, rental rates, which have increased sharply during the past two years, will soar even higher.\textsuperscript{31}

Once the available ground floor space in the East Townsite is fully occupied, the direction of the future development of Gastown will be determined by two different forces. One will create pressure for vertical development as some businesses will desire to locate in the heart of Gastown so strongly that they will be willing to occupy non-ground floor locations. The other force will create pressure for an increase in the size of the developed area so that additional ground floor locations can be made available to Gastown-compatible firms.

During the early stages of the vertical development of Gastown, it is likely that the functional nature of the new businesses will be substantially different from that of firms that have already located in the district. The first businesses to locate above street level will be those that do not need to depend upon "drop-in" or "browsing" traffic for sales. This will include four general types of businesses--established firms, very specialized businesses, restaurants and night clubs, and certain types of personal service establishments. Firms that have already established their reputation at other locations and specialty stores which are the sole Vancouver outlet for a unique type
or brand of merchandise can depend upon their clientele to search them out; thus, they do not require ground floor locations. Entertainment and restaurant establishments will move into the area in order to capitalize on the publicity generated by Gastown, and they will also wish to locate at the focal point of the development. These firms do not need, nor can they usually afford, street level locations; therefore they will move into the upper stories of buildings in the East Townsite. Specialty personal service outlets, such as hair dressing salons and contemporary interior decorating firms, also will desire to benefit from the popularity of Gastown but cannot afford ground floor rental rates, so they, too, will choose upper level locations.

Two additional functional categories which were not included in the R-E-R definition will also increase in importance in Gastown in the future and will move into non-ground floor locations. The charm and prestige of the district will draw young professional people, such as architects and lawyers, into Gastown locations. This group will create a sizable demand for office space with the result that many of the upper stories will be converted into professional office space. Young people will also wish to move into Gastown in order to be "where the action is" so that many of the old hotels and rooming houses will be converted into prestige apartments and residences.
As the demand for high traffic locations increases in the Old Townsite, it is inevitable that one or more developers will move to fill the demand by converting a whole building, or group of buildings, into boutique and specialty shop space. It is likely that this type of development will utilize similar techniques to those employed in the Village Fair in Victoria's Bastion Square or the Cannery in San Francisco.

If the demand for ground floor premises is sufficient to cause Gastown to expand in size, the new development can move in three directions. The area can increase its length by either expanding eastward along Alexander and Powell Streets or, to the west, it can move into the 300 block of Water Street (the West Townsite). It can increase in depth by encompassing West Cordova Street on either side of the Woodward's department store. However, there are major impediments to each of these moves; consequently, the eventual shape taken by Gastown will be determined by factors beyond the control of the area's merchants and land developers.

Expansion into the West Townsite would be the most natural development for Gastown to take for a number of reasons:

1. traffic flows and the alignment of streets channel shoppers toward the west,
2. the West Townsite contains some of the most distinctive and unique buildings in Gastown,
3. a number of Gastown-compatible businesses have already located in the 300 block of Water Street, and
4. comprehensive development along the length of Water Street from Maple Tree Square to Cordova Street would provide a natural connector to the CBD and Project 200.

However, two very difficult obstructions must be overcome in order to achieve this goal.

The plans for Project 200 include a connection to the Woodward's department store that would run through the hundred block of Water Street. If these plans are carried out, the demolition of the historic buildings in this block would cut off the East Townsite from the western section. Under these circumstances, it is unlikely that Gastown would develop to encompass the West Townsite. If this is to be avoided, it will be necessary for Gastown interest groups to convince the executive of Project 200 Properties Limited that it is to their benefit to retain the historic buildings in this area.

The other obstacle to the development of the West Townsite concerns the fact that a number of the owners of major buildings in the area are not in favour of changing the occupancy of their buildings. These owners are generally large wholesale and apparel manufacturing firms who occupy their own buildings and do not wish to incur the expense or customer disruption of moving to another location.
likely that these firms will eventually allow Gastown-compatible businesses to occupy at least the ground floor premises when they realize the high rental income that is being foregone.

The next most logical direction for the growth of Gastown is toward the south, to encompass West Cordova, because:

1. this area, too, contains some very distinctive, old buildings,
2. development is already moving along Carrall Street toward Cordova, and
3. the addition of the 300 block West Cordova would increase the depth of Gastown which would be logical since it would serve to form a compact square and avoid the problems created by a long, narrow area, with lengthy walking distances.

The problems associated with the development of West Cordova Street are even more imposing than those in the West Townsite.

Located on this street are two major retailers which are not compatible with Gastown-type businesses and which do not plan to vacate the area. The Army and Navy department store annex is located directly across the street from the Stanley-New Fountain Hotel buildings. This firm is a "clearance discounter," which caters to an entirely different segment of the population from Gastown businesses. It is generally believed that this store would "cheapen" Gastown's image if it became associated with the Old Townsite. 37
The Woodward's department store and parking garage occupy major portions of both sides of the hundred block West Cordova. Although this store certainly would not harm the image of Gastown if it were encompassed by the development, the great mass of the two buildings act as a physical barrier to customer traffic flows along the street. The attraction of businesses in the 300 block of West Cordova is effectively cut off from those in the unit block of the same street. It is difficult to conceive of any action that could be taken to overcome this problem.

One other factor which would hinder the development of West Cordova Street as an integral part of Gastown is the unsuitable physical characteristics of the street itself. Vehicular traffic volume is heavy on West Cordova, so that the hectic nature of this movement would not be compatible with the leisurely pace of a historic district. Also, Cordova Street is wider than the other streets in the Old Townsite so that this factor, too, would create a barrier to the circulation of shoppers and browsers.

There is one alternative that may be utilized as a partial solution to the problems associated with Gastown's expansion onto Cordova Street. If the premises on the north side of the street are constructed so that they face onto and relate to the mall planned for Trounce Alley rather than Cordova Street, Gastown-compatible businesses may be able to prosper in these locations.
Eastward, along Alexander and Powell Streets, is the final direction in which Gastown can expand. This is the least suitable of the three alternatives because the buildings located there are generally more blighted and less suitable for renovation than those in the other areas. Also, if this tract is developed, it will create traffic flow problems that would be difficult to overcome. This district is not as readily accessible as the others and it would require a four or five block walk for most shoppers to reach the centre of the area.

The final implication for Gastown's future that can be inferred from the data provided in the functional analysis, concerns the type of businesses that will likely locate in the area during the next few years. By comparing the business-mix presently in existence in Gastown (Table VI) to similar data for historic districts (such as the Vieux Carre or those of San Francisco) that have already been developed and are operating successfully, it would be possible to isolate those types which are likely to succeed in the Old Townsite, as well as those which have been developed to capacity. For example, it is reasonable to assume that there is not sufficient business to support additional import stores, antique shops, furniture stores, or women's wear boutiques in Gastown. Business categories which have been successful in other historic districts but have not been developed in Gastown include book stores, ice cream parlours, quality toy shops, cheese and gourmet shops,
haute couture salons, gunsmiths, ethnic stores, candy shops, custom jewellery salons, Canadian art print shops, beer gardens, and high quality, imported clothing stores.
Footnotes: Chapter IV


2 These floor space figures have been extrapolated from the data reported for "Sub Area 16" Vancouver City Planning Department, Land Use: Downtown Vancouver, 1970, Vancouver: City Planning Department, 1970. This study, which was completed in February, represents the sole readily available source of land use data in Gastown. It is reasonably accurate, although it is noted in the report that complete floor space data is not available for residential, hotel, rooming house, and motion picture theatre categories. A representative of the Planning Department stated that "difficulties in the data collection methods may have created inaccuracies in the reported figures of up to, but no more than, 10%.

3 The study area contains 23.9 acres which amounts to only 1.8 percent of the total land area in the "downtown peninsula" as defined in the Planning Department's 1970 land use survey.

4 For a complete listing of the floor space as of February 1970 by specific business-type and general category, see Vancouver City Planning Department, Land Use: Downtown Vancouver, 1970.


6 Ibid., p. 7.

7 Ibid.


Weiss cites classification systems developed by Alderson and Sessions (1951), Mitchell and Rapkin (1954), Rannells (1956), and Tucker (1956).


For an example of functional-type analysis applied to historic district study see Bureau of Governmental Research, Plan and Program for the Preservation of the Vieux Carre, New Orleans: Bureau of Governmental Research, 1968.


The B.C. Directories Limited issues the Vancouver City Directory in October each year so that, taking into account the time required for data collection and printing, it is likely that the information is up-to-date to the month of June.

24 K. Fraser, Boultee Sweet Realty Ltd., Interview with the writer, October 2nd, 1970.

25 That is, the changes have occurred since the 1969 Vancouver City Directory was issued.

26 The Canadian Pacific Telecommunications building is the first building in the Project 200 complex.

27 For example, the decision was made to exclude two beer parlours that have been rejuvenated and two restaurants that do not cater to the skid road area. The pubs were not included because the hotels of which they are a part are still virtually run as "flop houses" while there is nothing unique about the restaurants which would be different from other downtown coffee shops.

28 The number of separate shops exceeds the number of premises because some merchants share locations. For example, the Flea Market accommodates twenty-two different merchants while the Gastown emporium contains six.

29 Completion of the officially announced projects will increase the proportion of ground floor locations to the 50 percent level only if the floor area in all planned developments are occupied only by Gastown-compatible firms. The nature of the businesses that will occupy the Stanley-New Fountain development (number 13, Map 7) is uncertain because these structures represent the meeting place of two opposed forces. The location of this development on West Cordova in an area that has not been a part of Gastown's rebirth and the proximity of the Army and Navy store will tend to attract traditional merchants who carry stocks of the discount and shopping goods variety. At the same time, the planned development by the City of the Blood Alley-Trounce Alley pedestrian mall behind the Stanley and New Fountain Hotel buildings will exert pressure on these businesses to turn away from the West Cordova front street in order to attract the Gastown traffic that will develop in the mall.

30 Because of the uncertainty surrounding the plans for Project 200, it has been assumed during this part of the discussion that this development will not go ahead in the 100 blocks of Water and West Cordova Streets. It is, therefore, not necessary to consider the implications of a split Gastown development.
For a more complete discussion of rental rates, see Chapters VI and VII.

Examples of very specialized businesses would be those that have an exclusive Vancouver franchise for a particular brand of expensive stereophonic equipment or those which cater to ethnic populations.

The First conversions of upper stories into office space has already started at the following locations:
- 75 Alexander: architect, law firm;
- 1 Alexander: real estate, architect;
- 313 Water: insurance, commercial designer.

The remodelling of hotels and rooming houses into higher quality residential use has also already commenced. Luxury apartments have been built above the Liquor Control Board Store at 214 Carrall and a student residence has been established above the stores at 6 Water Street (the Alhambra Residences).

S. Frew, Frew Enterprises Limited, Interview with the writer, August 14th, 1970.

Among the firms, which do not plan to vacate their buildings are: J. Leckie Co. Ltd. (220 Cambie), Frew Brothers Ltd. (403 West Cordova), and Gault Brothers Ltd. (361 Water).

It is ironic that the Army and Navy store cannot be included in Gastown since the firm occupies a building (the Dunn-Miller Block) which is a particularly fine example of the architecture of the 1880's.

The Vancouver Sun, "Gastown Mall Planned," August 18, 1970, p. 11.
CHAPTER V

RETAIL SALES VOLUME AND CUSTOMER
ATTRACTION IN GASTOWN

In the fourth Chapter, physical trends in Gastown were isolated and examined in order to determine the functional components of the district. This information about the business-mix will now be utilized to guide analysis of the economic factors in the district. Chapter V will investigate the general retail sales attraction of the Old Townsite in order to estimate current and future sales volume of the area. The two following chapters will evaluate factors related to commercial and real estate investment in the Old Townsite.

Analysis of Retail Sales Attraction and Daytime Population in Urban Areas

Retail sales volume statistics are widely accepted as indicators of the economic health of shopping districts. Whether these figures are quoted as gross estimates or by specific business category, investors and other members of the business community employ them to evaluate the feasibility and attractiveness of investment opportunities in commercial areas.
Estimates of retail sales volume of shopping goods are often utilized in studies of Central Business Districts as a basis for forecasting trends in downtown areas. "Because shopping goods tend to concentrate in market centres, retail trade volume is an excellent indicator of the economic vitality of the CBD." Other types of retail districts, such as regional shopping centres or local shopping districts, also prepare retail sales estimates in order to attract merchants to the area and to justify rental rates.

The retail sales volume of a metropolitan area is closely associated with and dependent upon, the number of potential customers that pass through the region each day. Knowledge of the characteristics of this "daytime population" can be utilized to estimate retail sales volume in the area or to determine weaknesses and deficiencies in the business-mix. There are many different reasons why individuals travel to a specific area throughout the day. However, the daytime population of a district can best be defined as follows: "For any given standard location the daytime population at the selected hour represents the sum of the number of persons physically present in the area working, attending school, shopping, conducting personal business, enroute from one place to another, or engaging in other activities away from their homes, and the number of resident persons remaining at home in the location."
The method that has been developed by marketers to estimate sales volume and to determine customer characteristics for business areas is called market analysis. This has been defined as the "study of the size, location, nature, and characteristics of markets."³ Market analysis is a form of marketing research that adheres to the rules of the scientific method, and may employ a wide variety of social science and mathematical research tools.

**Methodology Employed to Estimate Retail Sales Volume in Gastown**

Any attempt to estimate retail sales volume in a new, rapidly changing historic area, such as Gastown, is fraught with numerous problems for the researcher. The majority of widely used market research methods are unsuitable and will not provide meaningful results. Sales data about Gastown is not available from secondary sources, while consumer surveys are unsuitable because no data is available about the market segments which patronize Gastown businesses, so it is virtually impossible to formulate feasible statistical sampling techniques. Market factor derivation and correlation analysis⁴ are unsatisfactory procedures because Gastown has undergone such radical changes in such a short period of time that it is impossible to identify meaningful factors to utilize as a basis for sales projection. Finally, sales volumes cannot be estimated by standard methods, such
as the application of average sales per square foot data for equivalent business types to the known floor area of each business, because it is apparent from the situation in other historic districts that these firms cannot be described by average or standard data.

In view of the shortcomings associated with other research methodologies, it was decided that a direct questionnaire survey of the owners and managers of all Gastown-compatible businesses represented the only procedure that could be employed to obtain meaningful sales data for the district. However, this decision created other major problems. Because the rejuvenation of Gastown is a very recent development, the majority of Gastown-compatible businesses are less than one year old and have not experienced the low sales levels that are characteristic of the slack fall and winter months. This situation, in combination with the fact that many of the firms are owned by small operators who are in business for the first time, made it difficult for many merchants to provide valid estimates of yearly sales volume. Also, retailers are typically very secretive about all their financial and operating statistics and are usually unwilling to release even the most insignificant information. Finally, so many students have pestered members of the Gastown business community for information for term papers and other projects that these businessmen have become hostile toward further requests and generally are unwilling to cooperate with students.
In order to overcome these obstacles, the author contacted the Gastown Merchants Association and proposed that, if the Association would endorse the questionnaire study, he would prepare a separate market study for their organization. The offer was accepted but the membership imposed the stipulation that the information provided by all individuals was to be held in strictest confidence. In order to allow responses to be made in secret, it was decided that merchants would not be required to place the name of their shops on the questionnaire. Instead, a listing of functional business categories was provided on the last two pages of the survey form so that each respondent could indicate the business category that most closely described his particular business. The method of classification that was utilized was adapted from the Weiss CBD functional classification system that was previously discussed in Chapter IV.

The survey was conducted from September 14 to September 23, 1970. Questionnaires were distributed to seventy-six business firms, and valid responses were obtained from thirty-five. The response rate of 46.1 percent is exceptionally high due to the backing received from the Gastown Merchants Association as well as the fact that the writer pressured respondents by calling at each location every day until the form was completed. The largest firms in Gastown proved to be the most co-operative as completed
questionnaires were obtained from every major Gastown-compatible business in the area. The majority of firms which did not provide the requested data were small boutiques and co-operative shops (that is, shops containing a number of merchants sharing one location).

The specific questions that were asked in order to obtain sales volume estimates for individual firms were:

1. "What was your total sales volume for the last complete fiscal year?
   $________ for the year ending ________.
   or
   not yet in business one complete year _____.

2. What do you estimate will be your sales volume for the current year?
   $________ for the year ending ________.

It was stressed to each merchant that, even if the business was less than one year old, he was to provide an estimate of sales for a complete twelve month period. It was further emphasized that, although it was realized these estimates might be somewhat inaccurate, they would be much more valid than those made by an individual not employed by the firm.

Due to the limited time and resources available, the author was unable to formulate any comprehensive methodology that could be utilized the measure the daytime population of Gastown. However, periodic counts were taken of
foot traffic in the district and a question about the number of employees working at each location was included in the questionnaire. Also, data about vehicular traffic flows was obtained from the City Engineering Department.

**Estimated Current Sales Volume**

An extensive literature search uncovered only one source which contained an estimate of retail sales volume in Gastown. This article, a recent feature on the financial page of the *Vancouver Sun*, stated that total sales in the area amounted to $15,000 per day\(^8\) which, if not adjusted for seasonal trends, would amount to approximately $4.5 million per year.\(^9\) However, this valuation was not supported by any information about how it was calculated, other than a statement that it was obtained from "observers." It is, therefore, evident that there exists a pronounced lack of data about the level of sales that has been attained by Gastown merchants, even though such information would be of benefit to City officials and individual businessmen in planning the future of the area.

The thirty-five firms that completed questionnaires reported total yearly sales volume of $4.775 million.\(^10\) The sales figures provided by these businesses were also used as guidelines in the estimation of yearly sales for each of the businesses that refused to participate in the study. These individual valuations were then totalled to obtain a sales
volume estimate of approximately $0.725 million for the remaining sixty-three merchants. Therefore,

THE TOTAL ESTIMATED CURRENT SALES VOLUME OF ALL GASTOWN-COMPATIBLE BUSINESS FIRMS ADJUSTED FOR A FULL OPERATING YEAR IS $5.5 MILLION.

Daytime Population and Customer Attraction in Gastown

As noted previously, it proved to be impossible for the writer to produce a valid estimate of the level of, or trends in, the daytime population of Gastown. Information about many of the components of the population present in the area during the day is impossible to obtain, while the estimation of other segments would require a large force of field workers to determine the necessary data. In addition, an estimation of the area's daytime population for any day during the current year would be relatively meaningless without equivalent information for prior years for purposes of comparison.

It was originally anticipated that some information about the number of persons entering or passing through Gastown could be extracted from the data collected by the automatic traffic counters regularly placed in the area by the City Engineering Department. However, it was determined that this information was not suitable for the purposes of the present study for a number of reasons. The latest available data was collected in April and September 1969 which,
as demonstrated in Chapter IV, is prior to the time that intensive rehabilitation activities commenced in Gastown. In addition, only two regular traffic count locations are included in the study area while three are adjacent to it, with the result that there is insufficient data from which to infer changes in vehicular traffic patterns. Finally, there are no methods that can be employed to separate the number of commercial vehicles from private automobiles, nor to determine the number of pedestrians which resulted from this vehicular traffic. The actual rate of vehicular flow over the streets in the Old Townsite has changed very little over the past three years. In light of these shortcomings, the only conclusion that can be drawn is that the Engineering Department traffic count studies are an unsuitable instrument for estimating any portion of the daytime population.

From June 8 to September 23, 1970, the author took periodic pedestrian traffic counts at the corner of Water and Cambie Streets (that is, in the West Townsite) and at the intersection of Water-Alexander-Powell-Carrall Streets (that is, in Maple Tree Square). Prior to Labour day, the peak weekday foot traffic flows (two directions) at Maple Tree Square (from noon to 2 p.m.) ranged from 450 to 1375 persons per hour while weekend (Saturday and Sunday) traffic during the afternoon hours (from 1 to 4 p.m.) did not fall below 925, nor rise above 1900 persons per hour. Pedestrian traffic during equivalent periods was generally 25 to 40 percent lower
in the West Townsite than at Maple Tree Square. Since September 7th, 1970, weekend pedestrian traffic has, for the most part, decreased very slightly, while weekday traffic has fallen by more than 50 percent.\textsuperscript{11}

These figures support the contention that there is a significant daytime population in Gastown. Nevertheless, this data would be of much greater value if it could be broken down into its various components (such as that attributable to shoppers, persons employed in the area, and so on) in order that the importance of, and changes in, each factor could be examined. Also, if definitive statements about the trend of changes in foot traffic in the area are to be made, comparable data for 1969 and other years prior to the rebirth of Gastown, must be available.\textsuperscript{12}

From the questionnaire study, it was determined that the ninety-eight Gastown-compatible business firms employ 210 fulltime and 140 part-time staff members.\textsuperscript{13} The significance of this data is that it demonstrates that the work force maintained by Gastown businesses provide a substantial portion of the daytime population of the area. This is extremely important, in view of the fact that many of these businesses are located in premises that were previously vacant and did not contribute to the daytime population of the area. For example, the old Malkin warehouse (53-57 Water Street), until recently, did not add to the daytime population
of Gastown because it stood vacant; yet, the Gastown-compatible firms now located there maintain a work force of 27 full-time and 24 part-time employees and draw large numbers of customers to the district. As well, the changes taking place in the Gastown work force reflect the fact that, in general, the new retail-type firms are more labour intensive than the wholesale-type businesses they have replaced.14

Information could not be obtained about the number of persons physically present in the area conducting personal business, enroute from one place to another, remaining in residence located in Gastown, or engaging in other activities in the area.15

Although the author was unable to conduct a complete market analysis of the area, the first step in the determination of the demographic characteristics of the market segment from which Gastown draws its customer traffic was included in the questionnaire study. The owners and managers of Gastown-compatible firms were asked to indicate the sex, marital status, and age group in which the majority of its customers fall (see Table VII). Although it is possible that some merchants may not be fully aware of the true characteristics of their customers, it was reported that the majority of shoppers are females, both married and single, in the 19 to 30 year age bracket.
TABLE VII

DEMOGRAPHIC CHARACTERISTICS OF GASTOWN CUSTOMERS
(35 firms reporting)

<table>
<thead>
<tr>
<th>Sex</th>
<th>Age Group</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Less than 18 years*</td>
<td>Married 43%</td>
</tr>
<tr>
<td>Female</td>
<td>18 to 25 years</td>
<td>Single 37%</td>
</tr>
<tr>
<td>Equal numbers</td>
<td>19 to 25</td>
<td>Equal numbers</td>
</tr>
<tr>
<td>of male and</td>
<td>26 to 30</td>
<td>of married</td>
</tr>
<tr>
<td>female</td>
<td>31 to 40</td>
<td>and single 20</td>
</tr>
<tr>
<td></td>
<td>41 to 50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than 50 years*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total 100%</td>
<td>Total 100%</td>
</tr>
</tbody>
</table>

*These age groups were reported only by those firms which indicated more than one age group in their market segment.

Source: See text, p. 144.

The final observation that can be made about the trend of changes in daytime population in Gastown is one which cannot be supported by statistical data. From 1966 to 1968, the writer was employed by the Hudson's Bay Company as an assistant department manager and visited the Old Townsite often to place orders with the clothing manufacturers located there. After a two year absence from the city, he returned to the area to conduct the present study and was immediately impressed by the very noticeable changes that had taken place in the volume of pedestrian traffic in the area. In 1967, the
streets of the Old Townsite were usually almost completely devoid of foot traffic during the daytime whereas, at the present time, the sidewalks in the Gastown area are often crowded with people.

Implications for the Future

It is evident that the future retail sales volume in Gastown is dependent upon a number of important factors. Firstly, potential investors must perceive the current rejuvenation activities in a favourable manner if they are to consider the area to be suitable for future investment which will, in turn, add to the sales volume. Secondly, the appeal of the area must be strong enough to draw additional shoppers into the area and these shoppers must possess sufficient disposable income to support new firms. Finally, the future sales volume of Gastown will depend upon the direction taken by the expansion of the area, which is, itself, dependent upon overcoming the impediments to expansion enumerated in Chapter IV.

If the assumption is made that the growth of Gastown will go ahead without encountering major or insurmountable obstacles, a sales volume projection for 1971 can be calculated. Total retail sales will be made up of three components:

1. the sales volume attained by firms presently located in Gastown,
2. the sales volume attained by firms which have announced plans to enter Gastown but are not presently located there (see Map 7), and
3. the sales volume attained by firms which have not yet announced plans to open in Gastown but will be located there before the end of 1971.

Although a number of the smaller Gastown shops have changed hands during the past six months, there have been very few outright business failures in the area. However, the acid test of the ability of these firms to survive over the long term will come in the slack retail sales periods which occur from October to November and January to April.

If it is assumed that the 98 businesses presently in operation will survive through 1971, or will at least remain in business under new ownership, a sales volume projection can be made for this segment of the business-mix.

Five of the 35 firms which completed questionnaires for the current study had been in operation for more than one year and all of these businesses reported growth in sales from 1969 to 1970. These increases ranged from 17 percent to 88 percent, with the median falling at approximately 25 percent. Therefore, it can reasonably be assumed that, providing a serious downturn in the economy does not occur, Gastown-compatible businesses will attain increased sales volume in 1971. In order to remain conservative, an anticipated growth in sales of 20 percent has been assumed. If this is correct, the projected sales volume for 1971 of Gastown-compatible businesses presently in operation in the district
is $6.6 million.

The estimated sales volume for the officially announced projects in Gastown can be calculated if the responses from the questionnaire study are used as guidelines. This was undertaken for the eleven planned projects listed on Map 7 and it was determined that the projected sales volume for 1971 of the announced projects in Gastown is $3.5 million.

Finally, there is little information upon which to base sales estimates for additions to the business-mix which are not presently in operation and have not yet been officially announced. A conservative figure for the projected sales volume for 1971 of further additions to the Gastown business-mix is $1.5 million. 17

Next year's total estimated sales volume can be determined by adding together the three preceding projections. Therefore, the TOTAL PROJECTED SALES VOLUME FOR 1971 OF ALL GASTOWN-COMPATIBLE BUSINESS FIRMS IS $11.6 MILLION. 18

Because of the high level of uncertainty associated with the future of Gastown, it is impossible to provide a meaningful estimate of sales beyond 1971. Depending upon the course of future events, retail sales volume in the district may surpass $50 million by 1975 or the rejuvenation of the area may wither and die. Nevertheless, indications are
TABLE VIII

PROJECTED SALES VOLUME: GASTOWN 1971

| a. Total sales volume of Gastown-compatible businesses presently in operation (1970) | $5,500,000 |
| b. Anticipated sales increase of category a. firms (20%) | 1,100,000 |
| c. Estimated sales volume of new merchants: renovation announced or underway | 3,500,000 |
| d. Estimated sales volume of new merchants other than categories a., b., and c. | 1,500,000 |
| Estimated Retail Sales Volume | $11,600,000 |

Source: See text, pp. 148-149.

favourable for the continued expansion of Gastown. Retail sales in historic districts are drawn from both tourist traffic and residents of the city, and both of these factors are rapidly increasing in Vancouver.

The number of tourist visits to British Columbia increased by more than 10 percent in 1969\(^{19}\) and, even though the economy has been rather weak throughout the year, this trend has continued into 1970. Total purchases by tourists for "food, alcoholic beverages, and entertainment" in Vancouver amounted to $61 million in 1969 while expenditure for "food" totaled $48 million.\(^{20}\) It is, therefore, evident that the merchants of Gastown will be able to gain substantial sales increases if they are able to penetrate this market.
Disposable income available to Vancouver residents, the other factor upon which the retail success of Gastown is dependent, is also rapidly increasing. It has been estimated that the total personal disposable income of residents of Metropolitan Vancouver will increase 14.2 percent over the next three years. It is significant that the population segment from which Gastown draws the major portion of its customers (that is, the 19 to 25 year age group) is rapidly expanding and is known to be the age group which possesses the highest levels of disposable income.

Gastown retail sales volume must continue to expand for an extended period of time if it is to achieve success equal to that of other historic districts such as the Vieux Carre. Table IX illustrates the fact that the estimated market share attained by the Vieux Carre will be more than ten times that of Gastown in 1971. If Gastown can achieve equivalent market penetration, total retail sales will be $123 million.

It is regrettable that no information is available about the consumption patterns of R-E-R goods in Gastown. Data of this nature would be of value to guide both the estimation of future sales levels in the district and the prediction of the future expansion areas in the Old Townsite.

Very little can be said about the future trends of the total daytime population in Gastown. If the area continues
### TABLE IX

**COMPARISON OF ESTIMATED GASTOWN AND VIEUX CARRE MARKET SHARES, 1971**

<table>
<thead>
<tr>
<th>Description</th>
<th>Gastown</th>
<th>Vieux Carre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total estimated personal income of city residents</td>
<td>$2,400,000,000²</td>
<td>$1,500,000,000²</td>
</tr>
<tr>
<td>Total estimated tourist revenue for the city</td>
<td>450,000,000²</td>
<td>255,000,000³</td>
</tr>
<tr>
<td>Total Estimated Market Potential</td>
<td>$2,850,000,000</td>
<td>$1,755,000,000</td>
</tr>
<tr>
<td>Total estimated retail sales in historic district</td>
<td>$200,000,000⁴</td>
<td>$11,600,000</td>
</tr>
<tr>
<td>Historic district retail sales as percentage of market potential (Market Share)</td>
<td>7.02%</td>
<td>0.66%</td>
</tr>
</tbody>
</table>

**Sources and Footnotes to Table IX**

1. Editor and publisher Magazine, Editor and Publisher Market Guide, 1969, New York: Editor and Publisher Magazine, 1969, pp. 202 and 522. To obtain 1971 income estimates, the 1969 projections have been increased by 6 percent per year.


3. Vancouver Visitor's Bureau. Telephone inquiry by the writer, September 22, 1970. The 1969 tourist income level has been adjusted upward by 15 percent.

to gain customer recognition, it is anticipated that substantial gains will be made in the density of pedestrian traffic flowing into the district. However, it is impossible to provide quantitative estimates at this time.
Footnotes: Chapter V


5 A copy of the complete questionnaire is included in Appendix A.

6 Even though Chapter IV identified ninety-eight Gastown-compatible firms, the questionnaire was only presented to seventy-six of them. The twenty-two merchants located in the Gastown Flea Market (26 Water Street) were excluded because it proved to be too difficult to reach them (they are open for business on Sundays only). Estimates were made for this group by utilizing the data obtained from other merchants as a guideline.

7 For a listing of the business firms which participated in the survey see Appendix B.


9 The yearly sales figure was calculated by multiplying 300 days (that is, a six day week extended over one year, less holidays) times $15,000 to obtain $4,500,000. However, this method of expanding the daily sales volume to an estimate
for the total year is invalid for two reasons. Firstly, the $15,000 daily valuation was made in July when customer traffic is at its highest. This figure would be substantially lower if prepared during the winter months. Also, multiplication of the daily sales figure by 300 to obtain the yearly sales volume cannot be adequately justified because a large portion of Gastown firms are open for business seven days a week.

10 The sales volume estimates of three of the reporting firms were adjusted by the author because they appeared to be far out of line in relation to other Gastown merchants of a similar type.

11 Because a limited number of pedestrian traffic counts were made after Labour Day, the observations regarding very recent trends may be somewhat invalid. Only two weekends and four weekday counts were made after September seventh, whereas seven weekend and twenty-one weekday counts were made prior to that date.

12 The only data on pedestrian traffic counts for the City of Vancouver that could be obtained was included in "Traffic Counts made by the Vancouver Real Estate Board, December 1, 1960" as cited in Larry Smith and Company, An Economic Analysis for Central Business District Redevelopment, Vancouver, B.C.: Phase I - Preliminary Study, Vancouver: The City Planning Department, 1963, p. 3. Although this count (taken on a Thursday) did not include the Old Granville Townsite, other locations can be used for purposes of comparison:

<table>
<thead>
<tr>
<th>Location</th>
<th>10:30-11:30</th>
<th>2:30-3:00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granville, beside the HBC</td>
<td>1981</td>
<td>3263</td>
</tr>
<tr>
<td>Unit Block E. Hastings, north side</td>
<td>1298</td>
<td>1625</td>
</tr>
<tr>
<td>Unit Block W. Hastings, north side</td>
<td>1883</td>
<td>2651</td>
</tr>
<tr>
<td>W. Hastings, front of Woodwards</td>
<td>2212</td>
<td>3549</td>
</tr>
<tr>
<td>300 Block W. Hastings, north side</td>
<td>1920</td>
<td>2815</td>
</tr>
</tbody>
</table>

13 The total work force data has been adjusted to include estimates for those firms which did not participate in the questionnaire study. It was also determined that part-time employees of Gastown firms are paid for a total of 7100 work hours per month. From an economic point-of-view, this is equivalent to an additional forty-three full time employees.
The labour intensity of retailing as compared to wholesaling can be demonstrated if comparisons are made of the average dollar sales per employee for the two groups. The 1961 Census of Canada reported that the average number of paid employees for firms operating at a single location was 2.3 persons for the retail group and 4.7 for the wholesale group. However, the average single location retail firm generated yearly sales volume of only $7,246 as compared to $485,745 for the equivalent wholesaler. The greater labour intensity of the retail sector (that is, the lower labour efficiency) is apparent as the sales per employee in the retail group amounted to only $3,150 versus $69,392 for wholesalers. Source: Canada, Dominion Bureau of Statistics, Census of Canada, 1961. Retail Trade, Vol. 6 and Wholesale Trade and Services, Vol. II. Ottawa: Queen's Printer, 1964.

It is not necessary to obtain information about persons attending school in Gastown because no institutions of learning, either private or public, are located in the area.

Khourí, Op. Cit., p. 21 stated that, as of mid-July 1970, "out of 80 businesses established in Gastown in the last 18 months, only two have failed."

In view of the rapid pace with which new shops and other businesses are being added to the area, this estimate may be overly conservative.

The 1971 estimate of sales has also been adjusted to produce results for a full operating year.


The Vancouver Visitors Bureau reported that total expenditures by tourists in Vancouver in 1969 amounted to $210 to $220 million while the Greater Vancouver Visitors and Convention Bureau stated that visitors spend 28 percent of their budget for "merchandise, alcoholic beverages, and entertainment" and 22 percent for "food." Source: Vancouver Visitors Bureau, Telephone inquiry by the writer, September 22, 1970 and The Greater Vancouver Visitors and Convention Bureau, "This is How the Visitor Spends in Vancouver," unpublished mineograph. Vancouver, no date.
B.M. Hamilton, ed., 1968-69 Survey of Markets and Business Year Book, Toronto: Maclean-Hunter, 1969, p. 46. This source estimated that total personal disposable income of residents of Metropolitan Vancouver would increase from $2538 million in 1969 to $2898 million in 1972. During the same period, it is anticipated that per capita disposable income will rise from $2620 to $2850 (8.8 percent).
CHAPTER VI

THE ECONOMICS OF COMMERCIAL INVESTMENT IN GASTOWN

We have something unique in entrepreneurship here [in Gastown]... and that is making a commercial world of a skid road area.¹

The previous chapter examined the general economic situation in Gastown as it concerns R-E-R firms. As such, it involved an analysis of gross factors as they relate to the whole district, rather than an examination of the specific results by category or individual firms. However, if the Old Townsite is to continue to expand and develop into a viable commercial area, the opportunity must exist for a large number of individual Gastown-compatible firms to operate profitably.

If Gastown is to be successful over the long run, the operating results of individual firms must be such that they both allow existing firms to survive and prosper and encourage additional firms to enter the area. In order to determine whether the area will be able to support a large and diverse business-mix, Chapter VI will evaluate the operating results of selected firms in the study area and suggest implications for the future based upon these results.
R. D. Entenberg, commenting upon the investment decision in relation to the return on capital in retailing, set out the major factors to be considered in evaluating retail firms in the following manner:

In retailing, probably more than other fields of endeavour, most establishments are relatively small in size, with sole proprietorship and partnership as the predominating forms of organization. In these stores the element of both an implicit wage and an implicit return on capital are involved, because most of the firms are operated by the owner-entrepreneur type of management....

Thus there can be no exact criterion of standards for retail firms. Comparisons have to be made with firms that are either 'typical' or ideal to calculate the lowest possible costs and greatest profitability over time....

Investment in the retail enterprise represents a business risk of capital. Net profit represents compensation for this risk and an economic return on capital. The greater the risks, the greater the potential net profits if investment capital is to be attracted....The greater the degree of security involved in the investment, the smaller the rate of return that has to be promised in order to secure the necessary venture funds in the market place.2

This statement suggests three factors which must be taken into account when evaluating operating results of retail businesses located in a commercial area such as Gastown.

1. The analysis must deal mainly with small-scale operators, so awareness of the unique characteristics and environment of small businesses is essential;
2. Extreme caution must be exercised in choosing industry standards and using them to evaluate the financial position of these firms; and

3. If a commercial district is to attract new capital, the potential net profit level must be sufficient to compensate the investor for the attendant risks.

A detailed examination of small-scale retailing is beyond the scope of this thesis. However, in view of the extensive publicity that has been given to the high failure rate and low profitability associated with the small retailer, it would be of benefit to recognize an opposed viewpoint recently expressed by Duncan and Phillips. They noted that:

too often retailing is thought of as an unprofitable business. This idea has been encouraged by various expense studies showing retail profits of only 1 per cent to 4 per cent of sales. The fact is sometimes overlooked that such profit ratios frequently represent 10 per cent to 20 per cent or more of net worth and that they are in addition to the proprietor's salary or drawing account for services rendered to the business.  

There are a number of pitfalls which must be avoided in choosing industry standards and using them in the evaluation of the financial position of small retailers. First, it is essential that standards employed have been compiled for firms operating under conditions similar to that in the study area, otherwise the comparison will be meaningless. Second, it is necessary to keep in mind a concept of the purpose for which the evaluation is being made. If, for example, a particular standard represents a measure of short-term profitability but the factor being evaluated is related to the
long-term position of the firm, resultant conclusions will be irrelevant. Finally, caution must be exercised in order to avoid concentrating upon ratios or percentages as an end in themselves. One must look for what these relationships tell about the firm or what they mean rather than viewing the calculation of the figures as the only step in the analysis. For example, the goals and objectives of a company will have a strong bearing upon the way in which financial statistics should be evaluated so sweeping conclusions should not be made in the absence of such knowledge.

Methodology Employed to Determine and Evaluate Retail Operating Factors in Gastown

Once again, due to the lack of published information and the inadequacy of alternative methods, it was determined that questionnaire survey techniques represented the only procedure that could be employed to obtain relevant financial data about Gastown businesses. However, the obstacles inherent in this decision proved to be even more difficult to overcome than those associated with the determination of sales data. Some problems were similar to those encountered in attempting to obtain sales estimates while others were unique to this portion of the study.

The traditional unwillingness of retailers to release financial data, the short length of time that most firms have been in operation, and the lack of experience of
a large portion of the owners were, once again, major impediments to the completion of the study. These factors created a situation in which, simultaneously, it was difficult to obtain the necessary data and the responses that were provided were based upon estimates rather than actual operating results.

Shortcomings inherent in the questionnaire technique and difficulties in finding valid industry standards for comparison further complicated the matter. The limited experience and varied backgrounds of the respondents may have caused them to misunderstand the questions or to provide information which was inaccurate. If this did occur, the data may not be truly comparable between firms. Also, because it was not possible to ask for complete balance sheets and income statements from each firm (the owners probably would not have provided these statements, even if they had been available), all data for analysis had to be obtained from the questionnaire. However, it was necessary to limit the length of the printed question form so that potential respondents would not refuse to participate because too much time was required to complete the questionnaire. This, in turn, limited the extent of the financial analysis that could be conducted.

The specific operating factors examined were:

1. Sales data,
2. Operating expenses and mark-up,
3. Capital investment and return on investment, and
4. Other, non-quantifiable factors which influence the sales and profits of Gastown businesses.

In order to comply with the Gastown Merchants Association's decision that all information was to be held in strictest confidence, the data has been aggregated by logical groupings so that the responses of individual businesses cannot be specifically identified. Depending upon the nature of the retail relationships being considered and the type of standard used for comparison, two categorization systems have been employed. In those cases where the major intent was to isolate the differences that relate to the size of the individual components, the firms have been classified according to yearly sales volume. Other data has been compiled by retail category in order to facilitate comparison with industry standards.

Three categories were employed to classify Gastown businesses by size of firm:

Category A - (small firms) businesses whose estimated yearly sales volume is less than $10,000. This includes the majority of Gastown's small boutiques which carry leather goods, hand-made clothing, and novelty craft items.

Category B - (medium-sized firms) businesses with estimated yearly sales volume of more than $10,000 but less than $100,000. This includes the majority of art galleries and restaurants in Gastown as well as a number of clothing and craft boutiques.

Category C - (large firms) businesses whose estimated yearly sales volume is $100,000 and above.
This includes all of the import shops and dry goods stores in Gastown as well as the majority of furniture stores plus one restaurant and one clothing store.

The retail categories that were identified in Gastown are as follows:

I. Furniture Stores
   - there are six furniture stores in the study area, all of which specialize in modern or Scandinavian-type merchandise;

II. Restaurants and Night Clubs
   - five restaurants and two night clubs have been designated as Gastown-compatible;

III. Apparel and Shoes Stores (yearly sales $10,000 and over)
   - this is the largest single category from which valid responses to the questionnaire were obtained. Most of these shops specialize in hand-made, high style fashions;

IV. Miscellaneous Specialty Goods Boutiques (yearly sales less than $10,000)
   - this corresponds to Category A in the classification system utilized to group businesses by size of firm;

V. Miscellaneous Specialty Goods Stores (yearly sales over $10,000)
   - included in this group are import shops, dry goods stores, antique auto parts shops, and music stores.

Because no operating standards are specifically prepared for commercial historic districts, the retailing ratios chosen may be subject to dispute. For example, the environmental factors that influence American variety stores with yearly sales of $25,000 to $50,000 or the operating techniques employed by these firms may be substantially
different from those of Gastown's import stores. However, the writer is fully cognizant of this shortcoming in the analysis and has made every possible effort to determine and employ standards which are best suited to illustrate the relevant facts.

Operating Results of Selected Gastown Businesses

The approach of this section of the thesis will be:

i. to evaluate the economic viability of those Gastown-compatible businesses which provided data about their operating results, and

ii. to utilize the information so determined to make inferences about the economic health of the total business-mix in Gastown.

1. Sales Analysis

No single factor emphasizes the diversity of the business-mix in Gastown more emphatically than the spread of dollar sales volumes of individual firms. Although the total yearly sales of specific Gastown-compatible businesses range from a low of $3000 to a high of $800,000, there is a disproportionate number of very small merchants operating in the area. Of the ninety-eight Gastown-compatible R-E-R firms identified in the study, more than one-half attain yearly sales of less than $10,000 (see Category A, Table X). Because the median yearly sales volume of these firms is only $6000, this group of businesses account for less than 3 1/2 percent of the total sales volume in Gastown.
### TABLE X

**DISTRIBUTION OF NUMBER OF BUSINESSES AND SALES VOLUME DATA BY SIZE OF FIRM**

<table>
<thead>
<tr>
<th>Sales Volume</th>
<th>No. of Firms</th>
<th>Percentage of Total No. of Firms (%)</th>
<th>Percentage of Total Gastown Sales Volume (%)</th>
<th>Range of Sales Volumes ($)</th>
<th>Median Sales Volume ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A (Yearly Sales)</td>
<td>51</td>
<td>52.1</td>
<td>3.4</td>
<td>3,000-9,500</td>
<td>6,000*</td>
</tr>
<tr>
<td>(Sales less than $10,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category B (Yearly Sales)</td>
<td>35</td>
<td>35.7</td>
<td>17.3</td>
<td>10,000-95,000</td>
<td>15,000</td>
</tr>
<tr>
<td>($10,000-$99,999)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category C (Yearly Sales)</td>
<td>12</td>
<td>12.2</td>
<td>79.3</td>
<td>100,000-800,000</td>
<td>285,000</td>
</tr>
<tr>
<td>($100,000 and over)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Does not include merchants located in the Gastown Emporium and the Gastown Flea Market.

**Source:** See text, pp. 164-166.
On the other hand, although only 12 percent of the businesses have yearly sales of more than $100,000 (Category C, Table X), they produce almost 80 percent of the total sales volume of the Old Townsite. The remaining merchants (that is, those in Category B) are also relatively small, as the median sales volume of this category is $15,000. Although more than 35 percent of Gastown businesses have sales of between $10,000 and $100,000 per year, they account for only 17.3 percent of total retail sales.

In view of these facts, it is evident that the future success of Gastown in regard to total sales volume is dependent upon a very small number of businesses. However, if the variety and diversity of the area is to be retained, the small shops and boutiques that add so much to the character of the district must be able to achieve sufficient sales levels to allow them to continue to operate.

The analytic tool that is most commonly employed to measure the relative success of retail firms in terms of sales volume is analysis of dollar volume per square foot data. Table XI illustrates the fact that the majority of import shops, as well as other miscellaneous specialty goods and clothing stores with sales of more than $10,000 per year, have been able to attain sales in relation to sales-floor-area above the minimum economic level as defined by the Real Estate Research Corporation. In addition, the
### TABLE XI

**COMPARISON OF DOLLAR VOLUME PER SQUARE FOOT DATA BY RETAIL CATEGORY**

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Standard Economic Range of Dollar Volume Per Square Foot of Retail Space</th>
<th>Gastown Operating Results</th>
<th>Percentage of Firms Above Minimum Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Firms Reporting</td>
<td>Range of Dollar Volume Per Reporting</td>
<td>Median of Dollar Volume Per Reporting</td>
</tr>
<tr>
<td>I. Furniture Stores</td>
<td>30-50</td>
<td>5</td>
<td>13.33-37.50</td>
</tr>
<tr>
<td>II. Restaurants and Night Clubs</td>
<td>48-80</td>
<td>4</td>
<td>15.94-96.43</td>
</tr>
<tr>
<td>III. Apparel and Shoe Stores (yearly sales $10,000 and over)</td>
<td>35-75</td>
<td>8</td>
<td>9.17-200.00</td>
</tr>
<tr>
<td>IV. Miscellaneous Specialty Goods Boutiques (yearly sales less than $10,000)</td>
<td>35-75</td>
<td>7</td>
<td>4.80-20.00</td>
</tr>
<tr>
<td>V. Miscellaneous Specialty Goods Stores (yearly sales over $10,000)</td>
<td>35-75</td>
<td>6</td>
<td>12.00-75.00</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

sales per square foot results of Gastown restaurants and furniture stores are generally within reach of the lower limit of this range and will likely attain an economic level of sales by 1971 if these businesses can increase their present sales by 10 percent to 30 percent.

None of the small boutiques and specialty shops included in the survey have yet reached an economic sales volume in relation to the floor area they occupy. These firms must triple their sales volume in order to attain the minimum standard of equivalent types of businesses. Since the majority of businesses that did not provide financial and operating data for the study are small boutiques and specialty shops, it can reasonably be assumed that the level of sales of a major portion of the business-mix in Gastown is not economically viable in terms of industry standards. However, this statement is valid only if concurrent operating expense and markup levels are similar to those of non-Gastown firms. If Gastown businesses have been able to attain high maintained markups or if their expenses are lower than those of comparable types of enterprises, they will be able to survive with lower sales per square foot results.

Gastown businesses have attained much lower sales volume per square foot of retail space results than merchants located in historic areas in other cities. For example, The Economist reported that in San Francisco's Ghirardelli Square
"restaurants and shops earned better than $130 a square foot in 1967, three times the national average for most shopping centres."\textsuperscript{12} However, the following analysis will demonstrate that this does not necessarily mean that Gastown enterprises are less efficient than those in San Francisco.

2. Operating Expenses and Markups

Due to the limited space available on the survey form, the only expense factor that was directly queried in the questionnaire study was that of rental costs. It was determined that rental charges for ground floor locations in Gastown vary from 71¢ to $8.00 per square foot per year. However, analysis of this data by size of business (see Table XII) isolates the fact that, in general, the larger merchants have been able to utilize their greater bargaining power and business experience to obtain lower rental costs. The median rental charge per square foot of retail space for firms in Category C is $1.25 and no major retailer in the district pays more than $3.10 per square foot.

Smaller firms are generally charged a much higher rental rate. The median rent for firms with sales of less than $100,000 is $2.40 to $2.50 per square foot of space, which is double that charged larger firms. In addition, analysis of the survey data in regard to age of the business determined that those firms which opened in Gastown during the early stages of rehabilitation (that is, prior to May
### TABLE XII

COMPARISON OF RENTAL RATES BY SIZE OF FIRM

(ground floor locations)

<table>
<thead>
<tr>
<th>Sales Volume</th>
<th>Range of Rental Rate Per Square Foot ($</th>
<th>Median of Rental Rate Per Square Foot ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category A</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(yearly sales less than $10,000)</td>
<td>1.33 - 8.00</td>
<td>2.40</td>
</tr>
<tr>
<td><strong>Category B</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(yearly sales $10,000-$99,000)</td>
<td>0.83 - 7.40</td>
<td>2.50</td>
</tr>
<tr>
<td><strong>Category C</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(yearly sales $100,000 and over)</td>
<td>0.71 - 3.10</td>
<td>1.25</td>
</tr>
</tbody>
</table>

**Comparison Data: Vancouver Market**

- General range, all retail locations: $1.50 - 12.00
- Granville, prime space: 10.00 - 12.00
- Shopping Centres: 4.00 - 5.00
- Kerrisdale Area: 1.50 - 4.00
- Department Stores, shopping centres: 2.00 - 2.50

Source: F. Buckley, Macaulay Nicolls Maitland and Co. Ltd., Interview with the writer, October 2, 1970, and this thesis, see text pp. 169-171.

1970) pay rental rates which are 25 percent to 50 percent lower than firms which have recently come to the area. The rental rate for unimproved ground floor space for medium and large firms has recently settled at $2.50 to $3.25. This suggests that the present level of Gastown rents is roughly
equivalent to older shopping districts, such as Kerrisdale, but less than that in Shopping Centres and well below the rent charged for prime locations on Granville Street (see Table XII). A number of the older merchants are paying rents which are well below the minimum for any other Vancouver retail location.

The segment of property owners in the Old Townsite which has committed itself most heavily to renovation and rehabilitation have begun to rent space on a three year lease basis, with two year renewable options. This action should slow the trend of rapidly increasing rents and stabilize them (at least over the next three years) in the $3.00 to $3.50 per square foot range. These leases will allow retail tenants to begin to plan for the long run and establish a stable base in Gastown.

A more meaningful evaluation of rental costs can be obtained by considering how this expense as a percentage of sales volume compares to industry standards (see Table XIII). Once again, the larger firms, such as furniture stores, import shops, and clothing stores with sales volumes over $10,000 per year, have achieved the best results in relation to industry standards. Although a few major firms appear to have allocated an excessive portion of sales income to rental expenses, most have been able to hold rental costs well below equivalent industry averages.
### TABLE XIII

**COMPARISON OF RENTAL EXPENSE AS PERCENTAGE OF SALES DATA BY RETAIL CATEGORY**

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Standard Industry Average: Rental Expense as a Percentage of Sales (1969) (Percent)</th>
<th>No. of Firms Reporting</th>
<th>Range of Rental Expense as a Percentage of Sales (Percent)</th>
<th>Median of Rental Expense as a Percentage of Sales (Percent)</th>
<th>Percentage of Firms Above Industry Average (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Furniture Stores</td>
<td>1.95</td>
<td>5</td>
<td>1.71 - 14.00</td>
<td>7.20</td>
<td>40.0</td>
</tr>
<tr>
<td>II. Restaurants and Night Clubs</td>
<td>3.47</td>
<td>4</td>
<td>2.08 - 11.90</td>
<td>4.20</td>
<td>50.0</td>
</tr>
<tr>
<td>III. Apparel and Shoe Stores (yearly sales $10,000 and over)</td>
<td>4.12</td>
<td>8</td>
<td>1.67 - 22.27</td>
<td>6.43</td>
<td>37.5</td>
</tr>
<tr>
<td>IV. Miscellaneous Specialty Goods Boutiques (yearly sales less than $10,000)</td>
<td>5.60</td>
<td>9</td>
<td>3.75 - 40.00</td>
<td>16.50</td>
<td>22.2</td>
</tr>
<tr>
<td>V. Miscellaneous Specialty Goods Stores (yearly sales over $10,000)</td>
<td>5.05</td>
<td>6</td>
<td>1.70 - 16.00</td>
<td>3.13</td>
<td>&gt;66.7</td>
</tr>
</tbody>
</table>

**Total**  
32  
40.6

The vast majority of small shops and boutiques pay excessive rental fees in relation to their sales volume. The median percentage rent (16.5 percent) for small shops is almost three times that of comparable retail types. Even if the average small-scale merchant has been able to realize a maintained markup of 50 percent on retail, he has available only 33 1/2 cents out of every sales dollar to pay all expenses other than those attributable to merchandise and rent costs.

Although information about wage costs was not gathered as part of the questionnaire survey, the writer did determine three relevant facts during discussions with Gastown merchants. Firstly, because the average Gastown employee is both young and inexperienced, most businesses pay only the minimum legal hourly wage rate. In addition, many of the owner-operators of small shops take a very low proprietor's wage, in order to conserve working capital and to allow the business to expand its investment in stock. Finally, many of the small boutiques (particularly those run by members of the "hippy" community) have been able to obtain a substantial amount of free labour because friends of the owners have been willing to work in these shops without pay. In combination, these facts suggest that wage expenses of Gastown businesses are generally lower than those of firms located elsewhere in Vancouver.
Even though, in absolute terms, it is likely that the total operating expenses of Gastown enterprises are lower than those of other Vancouver merchants, the majority of businesses do not have a sufficiently large sales base to support these cost factors. For example, the median sales volume of Category A merchants if only $6,000, which, even when all costs of doing business are ignored, amounts to less than 2/3 of the average income her household in Vancouver.\(^{13}\) If the typical firm in Category A pay $25 per month for utilities and a telephone, this expense amounts to 5 percent of sales over the course of a year. The Accounting Corporation of America reported that, in 1969, small variety stores (annual gross volume of $25,000 to $50,000) pay only 1.62 percent of sales for utilities while gift and novelty shops and women's specialty shops averaged 1.63 percent and 1.76 percent respectively.\(^{14}\)

The negative effect of the inadequate sales base characteristic of many of these enterprises may be reduced as a result of the larger sales volume increases anticipated in Gastown (Chapter V noted that a conservative estimate of sales growth during the next year would be 20 percent). If sales volume does, in fact, increase substantially over the short run, this will dilute the high overhead expense levels and enable a larger portion of Gastown businesses to produce profit. However, merchants will benefit only if expense levels do not increase as well. If operating and overhead
costs, such as wage expenses and rents, do not stabilize at the present level, increases in these factors will cancel out any gains produced by sales growth.

Markup levels attained by Gastown businesses were also examined informally by the writer. Interviews with the managers of two import shops (which are generally representative of Category C firms) determined that markup on retail is at least 10 percent above the industry average for small variety and gift and novelty stores. However, the ability of these stores to capitalize on this advantage and turn it into high profits, will be proven only when sufficient sales experience has been built up so that markdown results can be taken into account.

Markup levels in two small boutiques (typical of Category A enterprises) located in Gastown were also examined during the study. The author was granted permission by the owners of a leather goods boutique and a small women's apparel shop to examine the costing of a number of pieces of merchandise manufacturing on the premises. Because of low labour costs and the elimination of all middlemen between the manufacturer and the retailer, the markup on retail of all items examined was more than 50 percent. In comparison, the maintained markup for small women's specialty stores in the United States in 1969 was only 38.48 percent. Once again, these factors can only be properly evaluated in relation to
the associated markdown levels and sufficient time has not passed for meaningful conclusions to be drawn. Even though the supporting data is rather limited, it still appears to be reasonable to assume that, due to the unique nature of the merchandise handled by Gastown merchants, markup levels are higher than that of non-Gastown retailers.

Statistics which might be utilized to compare the efficiency of Gastown businesses to that of enterprises located in other historic districts are not available. However, there is sufficient data to justify the assumption that the potential exists for Gastown retailers to be as efficient, in terms of productivity of expense dollars and return on investment, as merchants in San Francisco and other cities which contain historic commercial areas.

Because the level of rents and wages in Gastown is less than that paid by San Francisco merchants and the maintained markup experience of retailers in the two locations is probably similar, the productivity of businesses in the Old Townsite can be equal to, or even better than, those in San Francisco, even though these firms produce a much lower sales volume to floor area ratio. That is, the lower operating expenses characteristic of Gastown businesses will enable them to attain a reasonable profit on a much lower level of sales.
3. **Capital Investment and Return on Investment**

It was determined from the questionnaire survey that the amount of capital invested in Gastown by reporting firms, exclusive of that allocated to land and buildings, ranged from $1200 to $350,000. In addition, the estimated total capital investment by all ninety-eight Gastown-compatible firms exceeds $2.2 million. In view of the large capital commitment that has been made by commercial firms in the Old Townsite, it is evident that the trend of investment-related factors that will be examined in this section are extremely important to the future of the district.

The final section of the questionnaire asked respondents to provide estimates of the after-tax return on investment that would be realized by their firms in 1970. Only two merchants predicted a loss during the current year while more than 1/3 reported that return on investment would exceed 40 percent. These responses were far too optimistic, probably because they were based on insufficient knowledge of actual results; therefore, they could not be utilized as valid estimates of the profitability of these businesses. Consequently, it was necessary to resort to alternative analytical tools which relate to return-on-investment but do not measure this factor directly. The three ratios employed were:
i. Net sales to operating assets (turnover of operating assets),

ii. Net sales to inventory (inventory turnover), and

iii. Net sales to tangible net worth (turnover of tangible net worth).

In order to determine whether the capital invested in Gastown businesses was being utilized efficiently, sales volume levels were compared to the amount of funds employed in the operation of these firms. If the assumption is made that all funds have been invested in operating assets, this information can be utilized to determine turnover of operating assets. If this ratio is extremely high in relation to the industry average, it indicates that the firm is underfinanced and would likely produce a higher sales volume of additional capital was made available to the business. When it is much lower than the industry standard, funds are probably being underutilized within the firm.

The data included in Table XIV suggests that the "average firm" in each sales volume category has attained a reasonable level of sales in relation to the total funds employed. However, there is a high degree of variability between the results of individual firms as turnover levels range from 0.8 to 14.0 times per year. The fact must be emphasized, once more, that these operating results are meaningless if the sales base is not sufficient to support the level of operating expenses.
TABLE XIV

COMPARISON OF CAPITAL INVESTMENT BY SIZE OF FIRM

<table>
<thead>
<tr>
<th>Sales Volume</th>
<th>Gastown Operating Results</th>
<th>Reporting Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Median Capital Investment (Debt and Equity)</td>
<td>(2) Median Sales Volume</td>
</tr>
<tr>
<td>Category A</td>
<td>($2,000)</td>
<td>($6,000)</td>
</tr>
<tr>
<td>(yearly sales less than $10,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category B</td>
<td>($8,300)</td>
<td>($15,000)</td>
</tr>
<tr>
<td>(yearly sales $10,000-99,999)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category C</td>
<td>($105,000)</td>
<td>($285,000)</td>
</tr>
<tr>
<td>(yearly sales $100,000 and over)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover of Operating Assets: Retail Industry (U.S.A.), 1958 - 1959</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Assumed that all capital has been invested in operating assets.

Because the major area in which funds are employed in retail firms is investment in merchandise for resale, a better measure of the efficiency of the utilization of funds in this type of business is provided by analysis of the ratio of sales to investment in inventory. This relationship, which is also known as the stock-to-sales ratio, shows the number of times that inventory has turned over in a specific period of time. The results of this analysis are interpreted in a manner similar to that of the previous ratio—if it is high in relation to the industry average, too little has been invested in inventory while, if it is extremely low, excessive funds have been tied up in inventories.

In general, Gastown businesses appear to have over-invested in inventory (see Table XV). The only retail category which has set stock levels reasonably in line with sales is the one which contains the small boutiques (that is, Retail Category IV). The fact that the operating assets turnover ratio is satisfactory in relation to industry standards, while the sales to inventory ratio is not, indicates that Gastown merchants have not taken into account their lower operating costs when allocating funds within the firm. That is, although these firms require lower levels of working capital to pay rent and wage expenses, they have not utilized the saving to produce higher profits. Instead, they have allocated a greater portion of their total funds to investment
## TABLE XV

**COMPARISON OF NET SALES TO INVENTORY DATA BY RETAIL CATEGORY**

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Standard Industry Median: Net Sales to Inventory (1968) (times per year)</th>
<th>Gastown Operating Results</th>
<th>Percentage of Firms Above Industry Median (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Furniture Stores</td>
<td>5.0</td>
<td>4</td>
<td>2.0 - 4.7</td>
</tr>
<tr>
<td>III. Apparel and Shoe Stores (yearly sales $10,000 and over)</td>
<td>6.1</td>
<td>8</td>
<td>1.5 - 10.0</td>
</tr>
<tr>
<td>IV. Miscellaneous Specialty Goods Boutiques (yearly sales less than $10,000)</td>
<td>4.2</td>
<td>6</td>
<td>1.2 - 12.0</td>
</tr>
<tr>
<td>V. Miscellaneous Specialty Goods Stores (yearly sales over $10,000)</td>
<td>4.0</td>
<td>5</td>
<td>2.0 - 5.6</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

in stocks which has resulted in a reduced stock-to-sales ratio. However, the generally low sales to inventory level characteristic of enterprises in the area may actually be a result of a rational decision on the part of these merchants. If they anticipate large sales increases in the future, inventory levels may have been set at high levels in anticipation of increased demand. Also, these firms may have determined that, in order to present a balanced merchandise selection to their customers, they must maintain inventories at relatively high levels, irregardless of present sales volume. If this is, in fact, the case, these merchants have demonstrated a willingness to accept lower turnover rates at the present time in order to promote long term sales growth.

The final measure that was utilized to examine the profitability and efficiency of Gastown businesses was the turnover to tangible net worth ratio.

This ratio shows how actively invested capital is being put to work by indicating its turnover during a period. It helps measure the profitability of the investment. Both overwork and underwork of tangible net worth are considered unhealthy.

It is evident from the data in Table XVI that small boutiques and clothing shops have employed their equity funds much more efficiently than the furniture and large specialty goods stores. This may indicate that they have planned their
### TABLE XVI

COMPARISON OF NET SALES TO TANGIBLE NET WORTH DATA BY RETAIL CATEGORY

<table>
<thead>
<tr>
<th>Retail Category</th>
<th>Standard Industry Median: Net Sales to Tangible Net Worth (1968) (times per year)</th>
<th>Gastown Operating Results</th>
<th>Percentage of Firms Above Industry Median (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Furniture Stores</td>
<td>2.58</td>
<td>4</td>
<td>1.54 - 2.59</td>
</tr>
<tr>
<td>II. Restaurants and Night Clubs</td>
<td>*</td>
<td>4</td>
<td>1.00 - 14.00</td>
</tr>
<tr>
<td>III. Apparel and Shoe Stores (yearly sales $10,000 and over)</td>
<td>3.78</td>
<td>8</td>
<td>1.37 - 9.01</td>
</tr>
<tr>
<td>IV. Miscellaneous Specialty Goods Boutiques (yearly sales less than $10,000)</td>
<td>3.60</td>
<td>7</td>
<td>0.75 - 9.60</td>
</tr>
<tr>
<td>V. Miscellaneous Specialty Goods Stores (yearly sales over $10,000)</td>
<td>3.51</td>
<td>6</td>
<td>1.35 - 12.50</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Not available.

allocation of capital more efficiently or that some external force (such as requirements set by their loan and risk capital sources) has compelled them to hold these factors reasonably in line with industry standards. The larger merchants may have overestimated the sales potential of the area or, once again, the apparent misallocation may indicate a rational decision to set investment at a high level in anticipation of increased future demand. The large-scale operators in Gastown may have adjudged the long range profit potential of the district to be so attractive that they have been willing to overinvest in inventory and renovations to physical plant over the short run.

4. Management Skills

The profit performance and continued existence of any business is heavily dependent upon the skill and experience of its management. That this is true is evidenced by the findings of numerous business studies. For example, the United States Small Business Administration recently reported that "nine out of 10 [business] failures are caused by a weakness in the management of the business,"25 and a 1966 study by Dun and Bradstreet determined that 92.3 percent of all retail failures in that year were caused by "inexperience and incompetence" of management.26

Although management skill and experience cannot be measured quantitatively, it is possible to examine specific
factors within a business in order to determine whether the elements are generally present or lacking. Therefore, a list of eight questions was prepared as a tool for determining the level of managerial experience and the degree of utilization of management techniques of Gastown businesses. This list was then applied to selected firms within two specific retail categories which were chosen as generally representative of the business-mix in the Old Townsite.

The three import shops examined in Table XVII in Gastown are fairly typical of the large firms (Category C) in the area while three leather goods boutiques are representative of Gastown's many small shops (Category A). The management profile of these two types of merchants (see Table XVII) is very striking as it explicitly underscores the differences in operating methods and business knowledge between large and small firms in Gastown. Large enterprises exhibit a high degree of management experience and tend to utilize comprehensive business techniques. On the other hand, the majority of the small merchants are in business for the first time and operate their stores on a day-to-day basis, in much the same manner as retail stores have operated for hundreds of years. These small-scale operators generally do not employ sophisticated business procedures that can be utilized to reduce the uncertainty associated with operating decisions and gain competitive advantage. That is, the small boutiques do not realize the potential benefits available
### TABLE XVII

**COMPARISON OF FACTORS INDICATIVE OF MANAGEMENT SKILL AND EXPERIENCE**

**FOR SIX REPRESENTATIVE GASTOWN BUSINESSES**

<table>
<thead>
<tr>
<th>Retail Category A: Leather Goods Boutiques (LGB) Representative of Small Gastown Shops</th>
<th>Retail Category C: Import Shops (IS) Representative of Large Gastown Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGB-1</td>
<td>LGB-2</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

1. Is the store run by a hired manager, rather than an owner-operator?
2. Has the manager had prior experience in this line of business, or one related to it?
3. Was some form of market research conducted before the decision was made to enter Gastown?
4. Does the firm employ a specialized buyer to purchase stock for the store? (i.e.: Is there a separate buyer and manager?)
5. Is a qualified accountant retained to oversee bookkeeping activities?
6. Are yearly sales and expense budgets prepared by management, and are these estimates utilized as operating guidelines?
7. Are formalized stock control procedures utilized by the firm?
8. Is the store still owned by the same person who originally opened it in Gastown?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>No</th>
<th>Yes</th>
<th>Yes</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>0</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Total Positive Responses

"Yes" responses generally indicate the presence of management experience and knowledge of management techniques.

Source: See text, pp. 184-185.
through the use of modern accounting, research, control, and specialization of function procedures.

The difference in levels of business knowledge and experience between Category A and Category C firms have already influenced their performance. Table XVIII illustrates the fact that large firms have, on the whole, achieved reasonable operating results while smaller businesses have fared rather poorly. Although Category C firms appear to have invested too much capital in relation to their level of sales, this can be corrected over the short run by withdrawing capital as sales as made or it can be allowed to remain as is, in anticipation of future sales growth. Category A businesses exhibit investment levels that are better related to sales volume but it is doubtful that their total sales are sufficient to support the amount of floor space utilized or the level of expenses incurred.

Commercial lenders have recognized the lack of experience generally characteristic of Gastown businesses as they have demonstrated a reluctance to make loans to these firms. This has hindered the development of the area to such an extent that one of Gastown's major developers was moved to complain that "regular loan sources will not accept mortgages in this area." 27
<table>
<thead>
<tr>
<th>Sales Volume</th>
<th>Percentage of Firms Above Minimum Economic Dollar Volume as Percent of Per Square Foot Level (Percent)</th>
<th>Percentage of Firms Above Industry Average Rent as Percent of Sales (Percent)</th>
<th>Percentage of Firms Above Industry Median Net Sales to Inventory (Percent)</th>
<th>Percentage of Firms Above Industry Median Net Sales to Tangible Net Worth (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A</td>
<td>0.0</td>
<td>22.2</td>
<td>50.0</td>
<td>42.9</td>
</tr>
<tr>
<td>(yearly sales less than $10,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category B</td>
<td>38.5</td>
<td>23.1</td>
<td>22.2</td>
<td>62.5</td>
</tr>
<tr>
<td>(yearly sales $10,000-99,999)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category C</td>
<td>80.0</td>
<td>80.0</td>
<td>33.3</td>
<td>33.3</td>
</tr>
<tr>
<td>(yearly sales $100,000 and over)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>43.3</td>
<td>40.6</td>
<td>30.4</td>
<td>48.0</td>
</tr>
</tbody>
</table>

Source: See text, pp. 164-184.
Implications for the Future

The preceding analysis appears to suggest that, in general, the larger Gastown businesses are economically sound while the smaller ones are not. This fact implies that two parallel trends will develop in Gastown in the near future. Firstly, it is apparent that, unless drastic changes or large sales increases take place, a large number of business failures will occur in the Old Townsite during the next six months. In addition, it is likely that future additions to the Gastown business-mix will consist almost entirely of large-scale firms.

The heavy anticipated failure rate will strike the 51 merchants whose yearly sales volume is less than $10,000 most heavily. It is this group which has not been able to build a large enough sales base to support their expenses and has provided the owners with very low proprietor's wages. Customer traffic and sales volume in Gastown will, most certainly, drop to a low level from October to May with only a brief respite prior to Christmas; yet these businesses do not possess sufficient working capital to carry them through this slack period. In view of these problems, it is evident that many of these firms will be forced out of business or will sell out to other individuals.28

Even though this failure rate can be forecast with a fair degree of certainty, one unique characteristic of a
new, historic district must be taken into account when making predictions about business change in Gastown. Because of the immense appeal of the area and the unorthodox business attitude of entrepreneurs who operate small boutiques, it is likely that every enterprise that fails will be re-opened by a different owner or that another similar operation will take over the location. This contention is supported by the recent experience in the area as, in virtually every instance of business closure during the past year the firm merely changed ownership or was replaced by a similar operation.  

The leaders of the Gastown business community are very concerned about the fate of the small merchants in the district because they realize that the removal of these firms would serverly damage the customer appeal of the area. However, no plans have been proposed to provide assistance to the small boutique operators and it is unlikely that any programme will be developed in the near future. If action is taken to help Gastown's small operators, the programme should include training courses in business procedures as well as assistance in making loan applications. It could also include the establishment of some procedure to allow small firms to obtain consultant and market research advice.  

The trend toward the entry of large-scale businesses into the Gastown area is already underway. It is estimated
that six of the eleven new developments that have been announced for Gastown (see Map 7, Chapter IV) will include operations with yearly sales volumes in excess of $100,000. The projected median sales volume of these businesses will be more than 40 percent higher than that of Category C firms presently in operation in the Old Townsite. As well as being large in terms of sales volume and investment levels, these new enterprises will also generally employ experienced management and utilize sophisticated business techniques.

The underlying reasons behind this trend basically relate to the nature of the entrepreneurs involved and the economic situation in Gastown. The recent extensive publicity given the Old Townsite has emphasized the "instant" success of the large units, such as the Old Spaghetti Factory and Trident Imports. This has attracted experienced business investors who are interested in large-scale investment with above average profit potential. These entrepreneurs consider small operations to be unappealing because they involve a high risk factor and a low absolute return on investment. At the same time, a large operation represents a more appealing tenant to Gastown property owners because they are less prone to failure and they are willing to rent large areas. These large enterprises are able to outbid small boutiques when vying for rental space. In total, these factors make large-scale investment attractive to experienced investors.
This chapter has examined the operating results attained by Gastown-compatible merchants and has determined that:

1. a very small number of large-scale businesses produce the major portion of total sales in Gastown;
2. there is a disproportionate number of very small firms in the Old Townsite;
3. the majority of large-scale operations have attained a reasonable level of sales in relation to the floor area employed but the small firms have not achieved satisfactory results;
4. in absolute terms, operating expenses of Gastown firms are generally lower and markup levels higher than those of businesses located in other areas in Vancouver. However, when operating expenses are considered in relation to sales, it can be demonstrated that the larger firms are operating at an economic level while small businesses are not. Many of the small-scale operations have not attained a large enough sales base to support the level of operating and overhead expenses incurred;
5. in general, Gastown businesses have attained a reasonable level of sales in relation to the total funds employed by these firms. However, large-scale businesses appear to have overinvested in inventory while the small firms have employed their equity funds more efficiently than have the larger units. These results may reflect a rational decision by larger merchants to set investment at high levels in anticipation of increased demand;
6. the average large-scale business exhibits a high degree of management experience and utilizes sophisticated business techniques while the management of the small firms is generally inexperienced and employs elementary operating procedures.

The research findings have been utilized to support three basic conclusions related to the present level of efficiency, rate of business failure, and future scale of operation of Gastown businesses. It has been determined that, in general, the larger Gastown enterprises are economically sound while the majority of smaller firms are inefficient.
and unprofitable. The poor results attained by small-scale operators suggest that a large number of business failures will occur in this segment within the next six months. It is, therefore, concluded that future additions to the Gastown business-mix will consist almost entirely of large-scale firms.
Footnotes: Chapter VI


4 The non-quantifiable factors which influence sales and profits of businesses have been considered under the all-inclusive heading of "management skills."

5 In order to further protect the confidence of the businessmen who provided financial data, individual respondents or firms included in specific categories will not be identified in footnotes throughout this section of the thesis.

6 The idea for this categorization system was originally proposed by Mr. B. Ewald, President of the Gastown Merchants Association, during a personal interview with the writer (September 4, 1970).

7 Responses were obtained from two Gastown art galleries but these were not utilized in the study because they could not be realistically included in any retail category without either invalidating the classification or allowing identification of the responses of specific firms.

8 It is necessary for the reader to understand the nature of the industry standards employed in the study if he wishes to determine the validity of the comparisons that have been made. Because industry standards have been taken from a number of sources, there are some differences between the components of industry groups for which standard ratios are prepared. For example, the Accounting Corporation of America reports operating results for all types of small clothing stores combined, while Dun's Review compiles data for women's ready-to-wear stores only. The standard industry categories by source which were selected as most comparable to the retail categories in Gastown are as follows:
<table>
<thead>
<tr>
<th>Source</th>
<th>Gastown Retail Category I: Furniture Stores</th>
<th>Gastown Retail Category II: Restaurants and Night Clubs</th>
<th>Gastown Retail Category III: Apparel and Shoe Stores (sales $10,000 and over)</th>
<th>Gastown Retail Category IV: Misc. Specialty Goods Boutiques (sales less than $10,000)</th>
<th>Gastown Retail Category V: Misc. Specialty Goods Stores (Sales over $10,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Research Corp.</td>
<td>Furniture and Household Furnishings</td>
<td>Eating and Drinking Places</td>
<td>Women's Apparel/Shoes -Women's/Men's Clothing and Furnishings</td>
<td>Variety Stores/Other Stores</td>
<td>Variety Stores/Other Stores</td>
</tr>
<tr>
<td>Accounting Corp. ($100,000-$300,000 annual gross volume)</td>
<td>Furniture Stores</td>
<td>Restaurants (up to $200,000 annual gross volume)</td>
<td>Combined Apparel Group ($25,000-$50,000 annual gross volume)</td>
<td>Gift and Novelty Stores ($25,000-$50,000 annual gross volume)</td>
<td>Variety Stores</td>
</tr>
<tr>
<td>Dunn's Review Stores</td>
<td>Furniture Stores</td>
<td>--</td>
<td>Women's Ready-to-wear Stores</td>
<td>Miscellaneous General Merchandise Stores</td>
<td>Variety Stores</td>
</tr>
</tbody>
</table>
Dollar volume per square foot of retail space is also known as sales per square foot.

A well founded criticism that can be directed at the industry standard employed to evaluate the dollar volume per square foot results in Gastown concerns the age of this data. These ratios were prepared by the Real Estate Research Corporation in 1954 so they may be invalid because they are outdated. The combined effects of inflation, the changing nature of retailing (that is, the expansion in scale that has occurred since 1954 and changes that have altered the product-mix handled), and modifications in rent levels and productivity that have taken place since 1954 will likely have altered the level of the dollar volume to retail space relationship that is adjudged to be economically sound.

This outdated standard has been employed in the study because an extensive literature search failed to uncover more current data. Therefore, the results of this portion of the analysis must be interpreted with extreme caution.

If consumer price index data is applied to the sales per square foot standard, it can be adjusted to remove the influence of inflation but will not reflect changes attributable to other forces (such as changing scale). The price of consumer goods in Canada rose 39.5 percent from 1954 to 1969. When the economic range of sales per square foot standard is adjusted by this percentage, the results presented in Table XI are altered somewhat. The percentage of firms above the minimum economic range of dollar volume per square foot of retail space in Categories II, III, and V decreases from 50.0 percent, 62.5 percent, and 66.7 percent to 25.0 percent, 50.0 percent, and 50.0 percent, respectively. No firms in Categories I and IV meet the minimum economic standard.

The apparent validity of the preceding conversion is attested to by data reported in one secondary source which was not utilized in the study because it was too gross for purposes of comparison. In 1956 the National Retail Merchants Association stated that the level of sales per square foot of selling space for specialty stores with annual sales less than $1 million was $77.01. If the inflation rate of 39.5 percent is applied to the sales per square foot results reported by the Real Estate Research Corporation for the general range of stores ($35 to $60), the converted range of the standard of $49 to $84 is reasonable in relation to the NRMA data. Sources: Canada, Dominion Bureau of Statistics, "Consumer Price Index," Prices and Price Indexes, Ottawa: Queen's Printer, May 1970, p. 47 and Controllers Congress of the National Retail Merchants Association, Financial and Operating Results of Department and Specialty Stores of 1966, New York: National Retail Merchants Association, 1967, p. 58.
Recent dollar volume per square foot results attained by tenants in American shopping centers are available from the Urban Land Institute as an alternative standard. This data was not utilized in the analysis because the economics of shopping center operation are much different from that of commercially developed historic areas (for example, the rent structures of the two are very different). However, in order that the reader will be able to use this information to re-evaluate the findings if he so desires, the operating results by category for 1966 are presented below:

<table>
<thead>
<tr>
<th>Gastown Retail Category</th>
<th>Equivalent Shopping Center Tenant Classification</th>
<th>Median Sales per Sq.Ft. results (1966)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Furniture Stores</td>
<td>Furniture and Lamp Stores</td>
<td>$17.78 - $25.61</td>
</tr>
<tr>
<td>II. Restaurant and Night Clubs</td>
<td>Restaurants and eating places serving alcoholic beverages</td>
<td>$38.06 - $41.65</td>
</tr>
<tr>
<td>III. Apparel and Shoes Stores</td>
<td>Ladies' Specialty, ladies wear, men's wear, family shoe, ladies' shoe</td>
<td>$40.14 - $64.93</td>
</tr>
<tr>
<td>IV. Miscellaneous Specialty Goods Boutiques (small-scale units)</td>
<td>Variety Stores, costume jewellery, cards and gifts, toys</td>
<td>$29.70 - $70.96</td>
</tr>
<tr>
<td>V. Miscellaneous Specialty Goods Stores (large-scale units)</td>
<td>Junior department stores, china and glassware, music and records, independent and local chain variety stores</td>
<td>$26.43 - $57.95</td>
</tr>
</tbody>
</table>


Editor and Publisher Magazine, Editor and Publisher Market Guide, 1969, New York: Editor and Publisher Magazine, 1969, p. 522, estimated that the average income per household in Vancouver in 1969 was $9579.


Ibid., p. 60. Gross margin (that is, the maintained markup on retail) was 38.67 percent for small variety stores and 40.02 percent for small gift and novelty shops for the fiscal year 1969.

Simple costing procedures were utilized to calculate the cost on five hand-made leather items and four women's garments. The median markup on retail of the leather goods pieces was 58.9 percent and 52.7 percent on the clothing articles.


L. Thomas, "Restored Commercial Buildings: How the City Saves Face," San Francisco, March, 1968, p. 29 reported that San Francisco merchants located in restored buildings rent "space at 10 cents to 55 cents less per square foot than the towering downtown highrise." This represents a very small percentage saving on rent when compared to the fact that rents in Gastown are 70 percent lower than those charged for space in Vancouver's CBD.

The assumption that salary expense levels are lower in Gastown than in San Francisco is reasonable for one basic reason—the differences in age and resultant maturity between historic areas in the two cities. The three factors that were previously listed as causes of low salary levels in the Old Townsite (that is, staff inexperience, low proprietor's wages, and free labour) are all the result of the short time period that Gastown has been in operation as a commercial rehabilitation district. As the area ages and matures, the work force will gain experience and demand higher wages and fewer individuals will be willing to provide free labour. Restored areas in San Francisco have already reached a sufficient level of maturity that salary levels are comparable to those in non-historic areas of the city.

The assumption that the total funds of Gastown businesses have been invested in operating assets is reasonable in view of the nature and history of businesses in the district. These firms have not been purchased as going
concerns and have not been in business a sufficient length of time to build up intangibles in their balance sheets. That is, they have not allocated funds to intangible accounts such as goodwill, trademarks, and leaseholds.

20 While analyzing the turnover of operating asset results of individual firms, the author discovered a particularly interesting example which underscored both the unique character of businesses in Gastown and the need to understand the nature of these enterprises before drawing rigid conclusions.

A small leather goods merchant who entered Gastown in August 1969 refused to participate in the questionnaire survey but did volunteer sales and investment information. This business, which has operated profitably during the entire thirteen month period since it came into existence, managed to produce sales of $4000 on a total investment of $35. Before the conclusion is drawn that the turnover of operating assets level of 114.3 times per year is completely out of line in relation to industry standards, the outlook and background of the owner must be taken into account. This merchant, who can be characterized as a member of the activist "hippy" community, refuses to deal with "the establishment" to obtain additional funds and is satisfied with the low absolute return obtained from the business. The fact that additional capital might be utilized to double or even triple the sales volume is irrelevant to this owner.

On the other hand, one must be aware of the fact that, irregardless of the character that this firm adds to the district and the lack of concern that the merchant shows for the established business community, the business will, in all likelihood, be forced out of the Old Townsite in the near future. As development continues in Gastown, rental rates will surely increase and this firm will no longer be able to afford to remain in the area.

21 The net sales to inventory ratio should not be confused with physical turnover ratios. Physical turnover can only be determined by periodically counting the stock on hand of a particular type of merchandise and comparing this to the physical sales of the item in the period.

22 Because respondents were asked to report investment in stocks at cost, it was necessary to convert these figures to retail levels before net sales to inventory ratios could be calculated. Due to the lack of relevant information, the assumption was made that the markup percentage (on retail) of Gastown firms is 5 percent to 10 percent above equivalent industry averages, depending upon the nature of the business. These markup percentages were then used to calculate investment
in stock at retail. Although the results may be somewhat inaccurate, this procedure does provide a conversion of inventories from cost to retail that will allow determination of underlying trends.

23 R. Sanzo, Ratio Analysis for Small Business, Small Business Management Series No. 20 (3rd. Edition). Washington: Small Business Administration, 1970, pp. 7-8, defines tangible net worth as "the net worth of a business, minus any intangible items in the assets such as goodwill, trademarks, patents, copyrights, leaseholds, treasury stock, organization expenses, or underwriting discounts and expenses. ...In a partnership or proprietorship, it could comprise the capital accounts, or accounts, less the intangibles." As noted previously, for the purposes of the present analysis, it has been assumed that the total investment reported by Gastown firms does not include any intangible items.

24 Ibid., p. 8.
28 Failures among small Gastown businesses have already started. For example, three of the eleven merchants in the Red Lantern Arcade (135 Water St.) have gone out of business or changed ownership since September 1, 1970.
29 For example, all three businesses in the Red Lantern which ceased operation (see footnote 28) have been replaced by similar types of operation.
30 B. Ewald, president of the Gastown Merchants Association, in an interview with the writer (September 4, 1970) expressed concern for the fate of Gastown's small merchants in the following manner: "I think that it is very important that all the small boutiques—not necessarily all, but a good number of them—stay in Gastown. By this I mean, the only time I could see the area lose its appeal to the public would be if it became simply another shopping area. All the small
boutiques, which make leather goods or iron works or whatever, that are not doing very big volume, and never will do big volume,...are very important to have because they are what give the area flair. This is what the public likes....I hope [the public will buy from these small shops] because, if they don't, the guy can't afford to stay in business. As long as they support these little stores to the point that they can make themselves a decent living and pay their overhead, they will be with us. And this will, of course, be really what Gastown hinges on."

The structure for the provision of consultant advice to boutique operators need not be complicated or expensive. For example, the Gastown Merchants Association could institute a programme whereby some of the large-scale operators provide a few hours a week to act as advisors to some of the smaller firms. Another alternative might involve approaching the Commerce Faculties at U.B.C. and S.F.U. to see if they would allow interested business students to act as consultants.

Two side benefits could conceivably accrue to all Gastown merchants from the consulting programme, firstly, the strengthening of small boutique operations should enhance the customer attraction of the district and, therefore, be beneficial to all merchants, whether large or small. In addition, the programme may succeed in deterring some prospective entrepreneurs who are inexperienced or underfinanced from entering Gastown and further weakening the economic situation.

It is estimated that the eleven projects that have been announced for Gastown will include six Category C merchants and 43 Category B firms. The median yearly sales volume of the six large firms will be $415,000, while the median of the Category B businesses will be $22,000. The average yearly sales of both of these types of businesses will be well above the median sales level of firms presently included in Categories B and C.
CHAPTER VII

THE ECONOMICS OF REAL ESTATE INVESTMENT IN GASTOWN

Since [the large property owners] have come to Gastown, rents have shot up. Many fear that as the rents increase, the smaller tenants who add so much to the flavor and atmosphere of the area will be forced out.¹

In addition to the activities of merchants and other retail-type businesses, the eventual success of Gastown is dependent upon the courses of action taken by property owners and land developers in the area. It is the purpose of this chapter to examine changes in real estate values and rental income levels in order to determine whether they will promote or retard rejuvenation activities in the Old Townsite.

Analysis of Real Estate Value in Urban Areas

It is not the purpose of this thesis to examine in depth the many factors which contribute to or influence real estate value. However, it is necessary to be aware of the basic fact that the value of any specific unit of urban real estate is dependent upon the combined effect of its physical and locational characteristics,² the nature of the
associated on-site and off-site improvements, and the forces of demand and supply in operation in the local real estate market. This statement is misleading in that it is both overly simplistic and does not sufficiently recognize the different motives and objectives of various types of investors. Further, it tends to suggest that there is one and only one "value" for each urban property when, in fact, there can be many different values calculated for the same property. In recognizing these problems, one urban land economist emphasized the fact that "the concept of value in real estate is probably the most elusive of any in the whole field."

The basic problem in the analysis of real estate values is that a number of valuations can be calculated for any specific property. The purpose for which the property is to be utilized, the financial circumstances and objectives of the investor, and the method by which the value is calculated can all influence the final result. The valuation procedure is further complicated by the fact that it is usually conducted in a situation of imperfect knowledge. The knowledgeable investor will attempt to set an investment value or "upper limit to the capital investment which he feels is justified by his evaluation of the productivity of the property." Under ideal circumstances, this investment value should be "the present worth to the investor of the future returns capitalized at a rate acceptable to him in
light of his evaluation of the investment characteristics of the property."

Because of the importance of the circumstances of the investor to the determination of reasonable real estate valuations, it is important to be aware of individual investment objectives. On the basis of "primary motivation," Ratcliff identified "three types of investor [who] supply equity capital and represent the generating force of real estate activity."  

1. Investor for Use. This investor, the buyer of a home for his family or a store for his merchandising establishment, expects to occupy and use the property for his own purposes and hopes to gain certain advantages over the alternative of renting space;

2. Investor for Regular Return. Most investors in apartment buildings or other income properties anticipate a regular and predictable return on their capital; they invest for the "long pull," though no doubt a speculative gain would be welcome;

3. Investor for Capital Gain. Any kind of real estate may be the object of investment in expectation of resale at a profit. During the waiting period the investor may well hope that the property will produce enough at least to cover carrying costs, but he may be willing to advance such outlays if the expected capital gain is sufficiently large.  

Methodology Employed to Determine Real Estate Factors in Gastown

The first step in an analysis of the economics of investment in real estate in any area must be to determine the motivation or investment objective of property owners.
In order to provide direction for the analysis, it is necessary to determine whether owners have acquired their buildings to obtain the use of specific facilities, to gain a regular return on invested capital, or to attain ownership of an asset upon which a capital gain is anticipated.

It was determined from the questionnaire survey that the majority of Gastown merchants rent premises from individuals who do not maintain an ownership position in the business. Therefore, very few Gastown property owners can be classified as "investor-users."

Personal interviews with a number of property owners in the Old Townsite determined that they would generally classify themselves as investors for regular return. They are, therefore, predominantly interested in the rate of return that these investments will produce over the long run. However, they are certainly aware of the potential for capital gain that these holdings represent so the ensuing analysis will examine real estate investment in Gastown from the point-of-view of both investors for regular return and investors for capital gain.

Evaluation of real estate factors in the Old Townsite is complicated by the fact that available information sources are generally inaccurate, incomplete, or both. For example, market sales data should be employed
as the basis for analysis of changes in property values over time and potential return on real estate investment in the area yet, there exists no comprehensive source of this type of information. Because of this shortcoming, a number of data sources have been employed in the study:

1. Published sources—purchase prices and estimated current value of specific Gastown properties;
2. Personal interviews—return on investment levels anticipated by real estate investors in the Old Townsite plus market values of certain properties;
3. City of Vancouver Assessment Division—assessed values of land and improvements in the study area for the years 1967 and 1970;
4. City of Vancouver Tax Division—amount of 1970 property tax levied on certain land and building units in Gastown;
5. Province of British Columbia Land Registry Office—declared purchase prices of specific properties in the Old Townsite;
6. Questionnaire survey—rental rates charged reporting Gastown merchants.

The Nature of Property Value Change in the Old Townsite: 1967 - 1970

Economic studies conducted in historic districts in many North American cities have determined that, in most instances, property values have increased substantially after rehabilitation activities commenced. For example, Montague and Wrenn reported increases in real estate values in the El Pueblo Viejo district of Santa Barbara, California which ranged from 75 percent to 150 percent from 1960 to 1963.11 They also cited examples of specific restored
buildings in the Beacon Hill District of Boston which tripled in value over a seven year period.¹²

Asset appreciation of this order has often attracted speculative investors to historic districts.¹³ This type of investor for capital gain is not so much concerned with the long term economic health of the area as he is with the amount that can be realized from resale of his property holdings. For this reason, this type of investor has often been accused of not supporting historic rehabilitation activities.

It is the purpose of this section of the study to determine if similar real estate value increases have occurred in Gastown. At the same time, consideration will be given to the activities of investors for capital gain in the Old Townsite.

As previously noted in this chapter, analysis of real estate factors is hampered by an acute lack of necessary data. This is particularly severe in regard to information about changes in Gastown property values over time, as the only comprehensive source of data for the whole area is that included in the assessment rolls maintained for tax purposes by the City of Vancouver.

The use of assessment data as a measure of actual property value is fraught with a number of problems. The
major difficulty concerns the fact that these valuations are set by appraisers employed by the city rather than forces in the market place. Because of this, assessed property values often do not truly reflect decisions that have been made by real estate investors, particularly in areas which contain unique structures or have experienced a low turnover rate. Also, there is usually a pronounced time lag between changes in market-determined values and reflection of these changes in assessed values. This problem is most apparent in areas where property values have undergone rapid change or where market sale prices have fluctuated widely.

Hoyt, in his study of land value changes in Chicago, was unable to overcome the problems associated with assessment data. He noted that, "the easily accessible land valuations of the tax assessor...do not adequately show the course of the real estate market as indicated by actual sales." However, if the researcher is aware of the limitations of this source, assessment valuations can be effectively utilized to determine trends in market values of real estate in urban areas. The findings of the Weiss CBD study support this contention as it was reported that "recent studies in selected areas have used assessed valuations as an effective tool in relating changes in property values and land uses in the CBD."
Changes in the assessed values of selected properties in downtown Vancouver and Gastown from 1967 to 1970 are set out in Table XIX. During this three year period, the total assessed value of land and improvements within the Gastown study area increased to a much greater degree than that of other properties within the Vancouver CBD. This suggests that the rehabilitation that has been carried out in Gastown or some other factor has influenced property values in the Old Townsite but has not exerted similar pressure in the downtown area.

There are four possible causes of the pronounced increase in the assessed value of Gastown real estate:

1. new construction or demolition,
2. pressures created by the proximity of Project 200,
3. rehabilitation activities, or
4. adjustments to correct assessments understated in relation to market prices.

Demolition and new construction activity can be ruled out as a contributing factor because properties which have been affected by these occurrences have been excluded from the study. None of the parcels of urban real estate for which assessment value changes have been calculated include new construction or expansion of on-site improvements.

The proximity of Project 200 to Gastown appears to have been a major factor in the increased land assessment in the area. The planned development of high intensity
## TABLE XIX

PERCENTAGE CHANGE IN ASSESSED VALUES OF REAL PROPERTY IN GASTOWN AND
SELECTED VANCOUVER LOCATIONS: 1967 - 1970

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage Change: 1967 - 1970</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land</td>
</tr>
<tr>
<td>A. TOTAL GASTOWN STUDY AREA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+34.9</td>
</tr>
<tr>
<td>B. SELECTED VANCOUVER LOCATIONS</td>
<td></td>
</tr>
<tr>
<td>1. Three major downtown department stores&lt;sup&gt;2&lt;/sup&gt; (The Bay, Eatons, Woodwards)</td>
<td>+8.1</td>
</tr>
<tr>
<td>2. Woodwards Department Store&lt;sup&gt;2,3&lt;/sup&gt;</td>
<td>nil</td>
</tr>
<tr>
<td>(101 West Hastings St.)</td>
<td></td>
</tr>
<tr>
<td>3. Army and Navy Department Store&lt;sup&gt;3&lt;/sup&gt;</td>
<td>nil</td>
</tr>
<tr>
<td>(27 West Hastings St.)</td>
<td></td>
</tr>
<tr>
<td>4. Hudson's Bay Department Store&lt;sup&gt;2&lt;/sup&gt;</td>
<td>+16.3</td>
</tr>
<tr>
<td>(Georgia and Granville)</td>
<td></td>
</tr>
<tr>
<td>5. Saba Brothers Store&lt;sup&gt;4&lt;/sup&gt;</td>
<td>+6.8</td>
</tr>
<tr>
<td>(622 Granville St.)</td>
<td></td>
</tr>
<tr>
<td>C. SELECTED GASTOWN LOCATIONS</td>
<td></td>
</tr>
<tr>
<td>1. The Alhambra Building&lt;sup&gt;5&lt;/sup&gt;</td>
<td>+48.7</td>
</tr>
<tr>
<td>(2-8 Water St.)</td>
<td></td>
</tr>
<tr>
<td>2. Ye Olde Fabric Bin&lt;sup&gt;6&lt;/sup&gt;</td>
<td>+34.3</td>
</tr>
<tr>
<td>(300 Water St.)</td>
<td></td>
</tr>
<tr>
<td>3. Tridents - Old Spaghetti Factory&lt;sup&gt;6&lt;/sup&gt;</td>
<td>+51.2</td>
</tr>
<tr>
<td>(53-57 Water St.)</td>
<td></td>
</tr>
<tr>
<td>4. The Dunn Building&lt;sup&gt;7&lt;/sup&gt;</td>
<td>+25.1</td>
</tr>
<tr>
<td>(1 Alexander St.)</td>
<td></td>
</tr>
<tr>
<td>5. The Ferguson Block&lt;sup&gt;7&lt;/sup&gt;</td>
<td>+24.7</td>
</tr>
<tr>
<td>(200 Carrall St.)</td>
<td></td>
</tr>
</tbody>
</table>
## TABLE XIX (Continued)

### Percentage Change: 1967 - 1970

<table>
<thead>
<tr>
<th>Location</th>
<th>Land</th>
<th>Improvements</th>
<th>Total Land and Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. SELECTED LOCATIONS WITHIN OR ADJACENT TO PROJECT 200 BOUNDARY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Woodwards property on south side of Water Street (130-138 Water Street)</td>
<td>+65.3</td>
<td>nil</td>
<td>+11.5</td>
</tr>
<tr>
<td>2. Project 200 property on north side of Water Street (115-199 Water St.)</td>
<td>+68.1</td>
<td>+9.2</td>
<td>+32.2</td>
</tr>
<tr>
<td>3. Leckie Building (220 Cambie St.)</td>
<td>+43.5</td>
<td>+29.9</td>
<td>+32.5</td>
</tr>
<tr>
<td>4. Gault Building (361 Water St.)</td>
<td>+33.6</td>
<td>+10.2</td>
<td>+15.8</td>
</tr>
</tbody>
</table>

### Footnotes

1. Adjusted to exclude city-owned property and land and buildings associated with the CPR Telecommunications building project.
2. Excluding parking structures.
3. Adjacent to the Gastown study area.
4. Prime Granville Street location—opposite block 42 of Pacific Center development.
5. Extensive renovation completed as of assessment date.
6. Partial renovation completed as of assessment date.
7. No renovation undertaken as of assessment date.
8. Locations within proposed Project 200 boundary.
9. Adjusted to exclude one property on which a building was demolished but not replaced between 1967 and 1970.
10. Locations adjacent to proposed Project 200 boundary.

Source: See text, pp. 209-212.
structures in the project has attracted speculative interest in the surrounding area and this has forced up the market value of this property. This market value increase has then been reflected in higher assessed values. Land values within the project boundaries have appreciated more (see D1 and D2, Table XIX) than those adjacent to it (see D3 and D4, Table XIX) while the general increase in land value in the whole Gastown area is similar to that of these bordering properties.

Renovation and rehabilitation of Gastown's buildings has been the major factor in the increased assessment of these structures. For example, the Alhambra Block has undergone the most extensive restoration so this has resulted in an improvement assessment increase of almost 150 percent since 1967 (see C1, Table XIX). At the same time, buildings which have not been renovated at the time of assessment (see C4 and C5, Table XIX) have not increased in value.

A portion of the increased assessment in Gastown may be attributable to adjustments made to bring them in line with market prices. The assessed value of land and improvements of two department stores adjacent to the study (see B2 and B3, Table XIX) changed very little over the same three year period even though they are situated only a short distance from Project 200. It is likely that these structures were assessed at reasonable levels in the past so they have been influenced very little by this new
development while the undervalued Gastown properties have been influenced to a much greater extent.

An attempt was made to acquire information for the study about property values from real estate appraisers in Vancouver. This proved to be fruitless as these firms were either unwilling or unable to provide the information. The experience related by one property owner was typical of the problems encountered in attempting to acquire valid appraisals for Gastown properties. This individual was informed by a number of appraisers that the uncertainty and rapidly increasing real estate prices associated with the district made it impossible to provide a meaningful appraisal of his building. 17

Although the available information is limited and may be somewhat misleading, a more valid indication of the trend of changes in Gastown real estate values can be obtained from examination of the asking prices and actual sales prices of specific properties in the area. This data can be obtained from the Land Registry Office files, personal interviews, and a limited number of published sources.

Analysis of the purchase prices declared for Land Registry Office purposes indicates that the decline in real estate values which resulted from the deterioration of the Gastown area reached the lowest point in the period from 1966 to 1968. For example, in 1968 one investor was able
to purchase two properties in the West Townsite at prices from 9 percent to 22 percent lower than the selling price of these two buildings in 1962. This illustrates the fact that there was very little demand for real estate in this area at that time. Property values had depreciated to such an extent that the purchase price of one of these properties amounted to only one third of its assessed value, while the other was barely three fifths of the assessment valuation.

It is not mere chance that both Project 200 Properties Limited and the Town Group Limited, the two largest property owners in the area, began to acquire their holdings in 1966. Although the development objectives of the two corporations were very different, they were both aware that real estate in the Old Townsite was undervalued in terms of the long term potential return that could be realized if these properties were put to other uses. The simultaneous publicity given to the activities of these two firms and the "Gastown Revisited" walk created substantial investor interest in the district which, in turn, forced market prices upward after 1968. Earlier this year, L. H. Killam, president of the Town Group, "commented that the two walks (another having followed last year) in fact cost him money because the value on property he was negotiating for went up."
Published sources appear to support the conclusion that market prices reached the lowest level in 1966 but have recently surged upward. A rather derogatory article about Gastown in the Autumn 1970 issue of the *UBC Alumni Chronicle* reported that, in 1966, the Town Group was "able to pick up a Cordova Street edifice known as Boulder Rooms, which had been on the market for 2 1/2 years at $47,000, for only $19,000." The reporter noted that "recently a would-be purchaser of the Boulder, now renovated and opened...as a hostel..., didn't bat an eye when Killam mentioned the figure of $125,000." 

Even the values of poorly maintained properties on the edge of Gastown have been forced up by the overall trend of rising real estate values. A very small, somewhat deteriorated building (situated at 407 West Cordova Street) which was acquired by the Town Group in 1969 for $35,000 is presently listed on the market for $50,000. If it can be sold for this price, the transaction represents a capital gain of more than 40 percent over a one year period.

The changes that have taken place in Gastown property values over the past four years clearly illustrate the circularity between use and value. That is, the changes demonstrate the seemingly paradoxical fact that use determines value and value determines use.
In 1966, Gastown properties were devoted to warehouse, light industrial, and marginal retail use. Because this type of user can afford only low rental rates, the value of this real estate to prospective owners and investors was very low (that is, the capitalized value of the rental income resulted in a very low present worth). Therefore, it can be said that the low-end or marginal land use determined the low value of these properties. At the same time, value also determined use in the district. The inexpensive land and buildings in the Old Townsite attracted users who required low rental rates.

Two years ago, a number of Gastown property owners began to repair and renovate their buildings to create premises suitable for retail use. Because retailers typically pay higher rental rates than the previous marginal occupants, these properties became more attractive to investors so they were willing to pay higher prices to obtain them. That is, the change in use produced a change in value.

As additional owners and investors became aware of the high potential return that could be produced by land and buildings in Gastown, demand for these properties increased and real estate values were forced up throughout the district. The increasing value of land and buildings necessitated higher rental rates which drove out or precluded the entry of certain types of users (that is, those with low rent
paying ability). Therefore, the value of the property determined the use to which it could be put.

A specific example of high property values determining land use is provided by the abovementioned building at 407 West Cordova Street. The building has, in the past, been occupied by a constantly changing mixture of marginal users who were attracted by low rental rates. If the property is sold for $50,000, the new owner will require a reasonable return on investment and will probably set a yearly rental rate of approximately $2.50 per square foot for the ground floor location (1400 square feet of leasable area). The total rent of $3500 for the ground floor is beyond the means of fringe users; the high value has determined that the property shall not be occupied by users with low rent paying ability. Only certain types of businesses, such as high traffic retail outlets, will be able to afford these premises.

Analysis of Rate of Return on Gastown Properties

Very little information is available about either the financial risk or the return on investment related to properties in historic districts. However, a recent business journal article about San Francisco's historic areas reported that "it has turned out to be financially worthwhile to keep the old buildings." Two examples of the general economics of historic rehabilitation were provided. It was
stated that Ghiradelli Square was sufficiently profitable to justify expansion of the project after only a short period in operation while the Cannery reached the breakeven point within one year of the date of completion. In addition, an experienced observer of the restoration and rehabilitation market, "Richard Leimbach, Vice-President and Chief Appraiser of [the] Bank of California, can't recall one project that has failed" in the San Francisco area.

Gastown property owners and developers were generally unwilling to provide specific information about rental income and return on investment levels during interviews with the author. However, of the three land owners that did agree to answer general questions, one stated that he did not require an above average return while the other two felt that higher income levels were necessary in view of the extra financial risks involved. It is significant that the owner who stressed this point most emphatically was the one who had renovated his building most extensively.

Because information on investment return is necessary in the determination of the attractiveness of the Gastown area to real estate investors, the decision was made to estimate the return produced by a typical Gastown property. The unit selected was one which had been extensively renovated. The rate of return on investment before allowances for depreciation and income taxes and exclusive of financing charges was determined to be approximately 25 percent.
This is substantially higher than that of properties in other Vancouver locations.\(^{28}\)

To the end of August 1970, $1.5 million had been invested in Gastown properties specifically for restoration purposes.\(^{29}\) This includes only expenditure for land, buildings, and rehabilitation improvements where the apparent objective of the investor was to obtain an income property in an area where tenant appeal is based upon historic charm. This represents a very substantial capital input which is extremely important to the economic future of the R-E-R district. However, the level of rehabilitation investment can be expected to increase sharply as other investors are drawn to the area and as owners of properties which have not yet been restored become aware of the substantial return on investment that can be produced by historic rehabilitation.

Rental rates can also be utilized as an indication of the economic situation in a specific area because a healthy investment climate is reflected in high rents. The fact that the investment environment has improved dramatically over the past year and one half in Gastown is illustrated by the fact that, as noted in Chapter VI, rental rates have increased substantially over this period of time. In 1967, much of the space in Old Townsite buildings could be rented for 50 to 60 cents per square foot and $1.00 per square foot was the general rate for ground floor retail locations.\(^{30}\)
economist would describe this situation as one in which economic rent is equal to $2.00 per square foot. That is, an excess over normal return has been produced over the short run. However, as the value of real estate increases, the increasing cost of this fixed resource will continually reduce these excess profits until a point of normal return is arrived at.

Rental rates in Gastown have increased to such a degree that one landlord reported that he has been able to obtain the same rent for one half of the ground floor space in his building as was obtained for the whole six storey building in 1967. Demand for this property has been so heavy that this owner believes that he could have rented "three or four times the amount of floor area" that he had available.

The preceding discussion should not be taken to suggest that rent levels can continue to rise without limit. Nor should it be assumed that property owners can set rental rates without consideration of the economic position of their present or potential retail tenants. Rather, one must be aware of the relationship that exists between rent levels and the economic viability of the area.

If Gastown, as an R-E-R district, is to become economically viable over the long run, the opportunity must
exist for both property owners and owners of commercial firms to attain reasonable returns on investment. In terms of rental rates, this means that rent levels must be sufficient to cover the costs and profit margin of the property owners yet must not impose an excessive burden on the retailer.

The economic health of retail tenants in Gastown is of utmost importance to real estate owners. In order that these owners be assured of regular return on investment, the tenants must be able to meet the scheduled rent payments over the long run. Should rent levels be set too high in relation to the retailer's ability to pay, the tenants will be forced out of the premises. If rents are set so high that large numbers of retailers are forced to vacate, the customer attraction of the district could be damaged by the high vacancy rate, the disruption of the area, and the loss of distinctive firms. It is, therefore, evident that a compromise must be reached between property owners and retailers if both are to prosper. Property owners must set rents at levels sufficient to provide themselves with a reasonable return on invested capital but they must be willing to hold these rents to levels that retailers can afford so as to not damage the development of Gastown.

The data in Chapter VI indicates that a high proportion of Gastown retailers pay excessive rent in relation to
sales. It was suggested that this will be one of the contributing factors to a high retail failure rate in the district during the next six months. If the retail enterprises which are forced out of Gastown are not replaced by firms which can afford these rental rates, the resultant vacancy rate will likely bring about a downward adjustment in rents. However, if demand for space in Gastown remains high, rents will continue to increase.

Implications for the Future

The preceding analysis suggests that the economic climate in Gastown is such that it has in the past and will in the future attract both speculative and long term real estate investors. Properties in the Old Townsite provide the opportunity for both capital gain and regular return on investment. The type of investor most prevalent in the area will eventually depend upon future developments in the real estate market and the degree of commercial success attained by Gastown. If return on real estate investment falls substantially below the level anticipated by the present property owners, a number may be tempted to sell to "bulldozer developers" for use in high intensity commercial and residential schemes close to Project 200.

The success of large-scale real estate owners, such as the Town Group, will significantly influence the future of Gastown. It is likely that this will start a trend
toward the entry of large businesses into the Gastown real estate market. These large firms will be attracted by the potential for both high profit and capital appreciation. Investors of this scale will be able to outbid smaller entrepreneurs so that, if property values continue to increase at the present rate, it is possible that only large scale investors will be able to afford them in the future. Further, the unique character of investment in historic buildings will also promote the entry of big firms. Small investors cannot afford to incur the high risk factor associated with investment in this type of property. Also, as the market becomes more sophisticated, successful firms will be those which are able to capitalize on past experience in renovating and marketing these unique buildings. Only large firms will be able to afford to develop staff departments with this type of experience.
Footnotes: Chapter VII


3 Ratcliff, Op. Cit., pp. 55-61 also provides a description of the relationship of off-site and on-site improvements to the physical foundations of real estate value.


5 Ibid., pp. 280-301 provides a detailed description of the three major valuation techniques—the market, cost, and income appraisal methods.


7 Ibid., p. 119.

8 Ibid., p. 104.

9 Ibid., Ratcliff also identified a fourth type of investor, the creditor-investor, which is not the concern of this paper.

10 Only two of the thirty-five reporting forms stated that they occupy self-owned premises.


12 Ibid., p. 9.

13 Ibid., pp. 13-14.


16. The total assessed value of land and improvements within the Gastown study area has been adjusted to remove the influence of two factors which might invalidate the results. All property owned by the City of Vancouver has been excluded because these items may possibly not be assessed at full value. Also, land and buildings on the C.P.R. Telecommunications Building site have not been included so that the total assessed value of improvements will not be influenced by the new construction which has taken place on this location since 1967.


18. The valuation data for the two properties used as examples are as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>1962 Purchase Price</th>
<th>1968 Purchase Price</th>
<th>1967 Total Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>313 Water St.</td>
<td>$22,500</td>
<td>$17,500</td>
<td>$50,120</td>
</tr>
<tr>
<td>300 Water St.</td>
<td>22,000</td>
<td>20,000</td>
<td>33,150</td>
</tr>
</tbody>
</table>


21. Ibid.


In order to protect the confidence of the businessmen who agreed to participate in personal interviews, individual respondents or firms will not be identified in footnotes throughout this section of the thesis.

Confidential response.

The data employed in the calculation of return on investment for the renovated building is as follows:

i. acquisition price—Land Registry Office;
ii. renovation costs—D.N. Spearing, Architect with Birmingham and Wood, Interview with the writer, July 22, 1970;
iii. rental rates—questionnaire survey and secondary sources;
iv. property tax—City of Vancouver Tax Division.

E. N. Yarmon, a realty expert with Tankoos Yarman, one of Canada's largest private real estate investment and development firms, in a discussion with a Financial Post interviewer, stated that, "if we define yield [on investment properties] as the cash return after all operating expenses, realty taxes and mortgage interest, but before capital cost allowance and income taxes, then the following yields are pretty current:

- Apartment and town houses 9% to 11%
- Shopping centers 10% to 12%
- Multi-tenant office buildings 8 to 10%
- Single-tenant office buildings (net leases) 7% to 9%
- Single-tenant industrial buildings (net leases) 8% to 10%.

Source: N. Nankivell, "What to Watch for in Real Estate Market," The Financial Post, May 24, 1969, p. 37. F. Buckley of Macaulay Nicholls Maitland and Co. Ltd., in an interview with the writer (October 2, 1970) verified the validity of these estimates as he stated that "return on commercial properties in Vancouver is comparable to that of other major Canadian cities."

This estimate was prepared by compiling data from personal interviews with property and commercial owners, the questionnaire survey, and secondary sources.

F. Buckley, Macaulay Nicholls Maitland and Co. Ltd., Interview with the writer, October 2, 1970.


Confidential Response.
Lautens, *Op. Cit.*, p. 20 estimated that the total acquisition price of the Town Group's Gastown properties amounted to $400,000. Killam is quoted in Khouri, *Op. Cit.*, p. 21 of the fact that the total amount spent by the firm in the Old Townsite on all aspects of real estate operation (that is, including both acquisition and rehabilitation costs) is $750,000.
CHAPTER VIII

CONCLUSIONS AND EVALUATION OF THE STUDY

Conclusions

The results of the preceding analysis can be utilized to support two major conclusions about the economic situation in Gastown. It is the purpose of this section of the thesis to present these conclusions and the related supporting evidence.¹

1. Conclusion Number One

GASTOWN IS RAPIDLY APPROACHING THE POINT WHERE IT WILL BE ECONOMICALLY VIABLE AS A RETAIL-ENTERTAINMENT-RESTAURANT DISTRICT IN WHICH CUSTOMER ATTRACTION IS BASED UPON THE UNIQUE APPEAL CREATED BY HISTORIC AND COMMERCIAL REHABILITATION ACTIVITIES. This conclusion is valid even though ONE PORTION OF THE R-E-R CRITERIA IS NOT COMPLETELY SOUND.

Supporting Facts to Conclusion Number One:

i. Although Gastown presently does not satisfy the criteria required for qualification as an economically viable R-E-R district, the commercial trends in the area suggest that it will satisfy these requirements in the near future. That is, it will soon possess the ability to attract enough customer traffic to produce sufficient sales volume to enable
a concentration of R-E-R categories to operate at a reasonable level of profit within the area.

Gastown does not at the present time satisfy the criteria for qualification as an economically viable R-E-R district because a large number of firms have not yet been able to produce a level of sales sufficient to cover their operating costs. However, the trend of rapidly increasing customer traffic identified in Chapter V as well as the sales potential available from the tourist market and the increasing number of new residents and office workers coming to the area, implies that these firms will gain substantial sales increases in the near future. These factors, in combination with the anticipated expansion of the business-mix, will produce an estimated sales increase of 110 percent in 1971.

There is a solid nucleus of firms in Gastown that have already attained substantial sales levels and many of the planned additions to the business community in the Old Townsite will be large-scale units with high sales volumes. The addition of these businesses will substantially improve the economic viability of the Old Townsite.

Gastown must overcome a number of barriers in order to attain a position that is economically viable. It must attract additional customer traffic if it is to achieve its full potential and some means must be found to protect the
small operators who add so much to the character and diversity of the district. In order to preserve and enhance the area's customer attraction power, the extensive parking problem must be solved.¹⁰

The rate of return on investment produced by Gastown businesses will be considered in subcategory ii.

ii. The opportunity exists for a rate of return equal to, or greater than, 14 percent per year on both real estate and commercial investment in Gastown. A return on investment of this order is required to satisfy the economic criterion that profit must at least equal the prevailing prime interest rate paid on corporate bonds,¹¹ plus a risk factor of 5 percent.

Although the majority of Gastown retailers have not yet been able to attain a reasonable level of profit,¹² the large-scale and experienced operators generally are within reach of the return on investment objective.¹³ In addition, speculative and long-term investors in real estate in the Old Townsite have, in most instances, been able to surpass the profit level criterion.¹⁴

iiia. In Chapter IV of this study, it was predicted that Gastown-compatible businesses will occupy more than 50 percent of the ground floor locations by mid-1971.¹⁵ When this occurs, Gastown will have satisfied the first half
of the functional component criterion for R-E-R districts.

The significant adaptation of ground floor locations to R-E-R use is confirmed by the analysis of change in the composition of the functional mix in Gastown (see Table III). This shows that retail-type use premises increased by 49 percent from 1965 to 1970.\textsuperscript{16}

iiiib. However, the total floor area occupied by R-E-R activities is not now, nor is it likely to become in the foreseeable future, the largest single component of the functional mix in Gastown. Wholesale-type use is presently the predominant functional category\textsuperscript{17} and can be expected to remain so for some time, because the largest structures in the Old Townsite are occupied by this type of tenant.\textsuperscript{18} In spite of this factor, the speed at which functional change has taken place in Gastown has been very dramatic. More than 81 percent of the firms designated as Gastown-compatible are less than one year old\textsuperscript{19} and most of these businesses occupy space that was previously devoted to wholesale-type or storage use.

The basic cause of the failure of Gastown to satisfy the second half of the functional component criterion relates to shortcomings inherent in the analytical tool rather than deficiencies within the district. The requirement that the total floor area occupied by Retail-Entertainment-Restaurant activities must be greater than that devoted to
any other single functional category before a district can be classified as a R-E-R area is unreasonable in terms of the experience of other cities. For example, in the Vieux Carre, the largest and one of the most successful historic rehabilitation districts, commercial land use amounts to only 15.6 percent of the total of the whole district. This is far below the 40.5 percent occupied by residential use, the largest category.20

iv. In order to ensure that the analysis of the customer attraction of Gastown was based only upon those factors related to the historic charm of the area and the modernity and uniqueness of the business firms resident in the district, the Gastown-compatible definition that was utilized as the basis for the major portion of the study was structured so as to identify only the appropriate businesses. That is, it included only those businesses which:

- identify with the cultural and historic charm of the area,
- utilize the distinctive architecture of the area in unique and original ways,
- add to the variety and diversity of the district,
- handle unique and hand-crafted items and emphasize personal service and leisurely browsing, and
- are considered to be novel, yet in the mainstream of contemporary life styles.21

The portion of the appeal of Gastown that is based upon this variety and uniqueness may be threatened by trends presently developing in the area. Space for the anticipated
entry of a substantial number of large-scale businesses into the Old Townsite will likely be obtained by forcing out many of the small operators presently located there. The loss of these businesses will severely damage the character of Gastown.

2. Conclusion Number Two

GASTOWN WILL SURVIVE AND PROSPER OVER THE LONG RUN AS A RETAIL-ENTERTAINMENT-RESTAURANT DISTRICT, UNLESS SOME UNFORESEEN OR UNCONTROLLABLE FORCE INTERVENES.

Supporting Facts to Conclusion Number Two

Factors that influence and determine the long term success of Gastown as a R-E-R district can best be examined within four categories:

- level of investment,
- degree of operating success,
- strength of customer acceptance, and
- extent of commitment by interest groups.

Because a significant number of investors have been made large capital inputs in Gastown, they have developed a strong vested interest in the area. They will, therefore, take whatever action necessary to ensure the success of the district so as to protect their investments. Many of these owners are knowledgeable, well-known businessmen who have the necessary experience and contacts to promote the development of the area.
The success attained by commercial and real estate investors has been already considered as part of the supporting data for the first conclusion. In general, the operating results of the experienced segment of the Gastown business community are sufficient to support these firms and attract additional investors. The entry of additional experienced entrepreneurs will increase the economic strength of the district, and promote the long run success of the Old Townsite.

The preceding analysis has noted that substantial increases in sales and customer traffic are anticipated in the Old Townsite. The growing popularity of the area and its acceptance by the residents of Vancouver should also ensure the long-term prosperity of Gastown.

It has already been noted that investors have developed a vested interest in the success of Gastown and will work to achieve this end. However, other groups have also made firm commitments in the district. The City of Vancouver has undertaken a detailed study of Gastown which will likely lead to large capital expenditures and other commitments in the area. The City is also anxious to obtain the social benefits which result from this rehabilitation and to protect its tax base. The Residents of Gastown are concerned about the environment in which they live; they have committed themselves to large-scale capital expenditure on
the renovation of the Stanley and New Fountain Hotel Buildings into a residence for single men. In addition to capital, the merchants of Gastown have invested their time and efforts. This group will support Gastown over the long run, because larger profits will accrue to their firms as Gastown becomes more and more successful.

In view of the preceding points, it is reasonable to conclude that Gastown will prosper over the long run unless some unforeseen or uncontrollable force intervenes. Examples of such forces are the destructive influence of intensive land speculation or the barrier that will be created if Project 200 severs Gastown in half. Even the recent issue of forced Sunday closing could severely damage the economic health of the district. Many firms which presently produce insufficient profit will be irrepairably harmed if they are cut off from Sunday business; this may force them out of business.

Critique of the Study

A number of the weaknesses of this study have already been dealt with. To establish the limitations of the paper, it is worthwhile to reiterate, and enlarge upon, the major issues.
The Approach: Limitations and Criticisms

A strong case can be made to support the contention that the subject matter of the study is too broad. This argues that it would have been more desirable to isolate one area relevant to the economic situation in Gastown and concentrate the study upon this factor. In this way, the selected topic could have been examined in depth and would have been able to deal with very specific problem areas and recommendations.

This argument ignores the fact that no economic studies have previously been conducted in Gastown. The detailed examination of a single economic aspect would be irrelevant, because it would exist as an isolated data source that would be extremely difficult for interested parties to make use of. This approach also ignores the inter-related nature of the economic components of Gastown—each factor is influenced, to some extent, by other factors in the area.²⁷

The Hypotheses: Limitations and Criticisms

The hypotheses of the study would appear to be essentially correct with the exception of the R-E-R total floor area criterion. This limitation on the definition was imposed in an attempt to establish a quantifiable measure that could be utilized to determine the point at which an historic area can be designated as a commercial rehabilitation
district. The shortcomings of this term can be easily corrected by including Gastown-compatible residential, professional office, and hotel sites in the R-E-R definition.

The Research Techniques: Limitations and Criticisms

The research methodology can be criticized for a number of reasons. The use of personal interviews introduced the possibility of bias, data omission, and falsification of responses. These criticisms can also be applied to the utilization of the questionnaire survey technique. Respondents may have provided invalid data because they misunderstood the questions or because they were forced to estimate operating results in the absence of the actual data. The analysis was also hindered by the failure to query merchants about a number of important operating statistics. A probable cause of some of the invalid responses is the failure to pre-test the questionnaire before using it in the field.

The case study approach would be criticized by those who would point out that the causes and effects associated with commercial rehabilitation activities in one city are not necessarily those that will come into play in another city. That is, it is impossible to generalize or draw conclusions from a single example.
The Data Employed: Limitations and Criticisms

The lack of sources of essential economic information about Gastown has been emphasized throughout. This deficiency forced dependence upon sources and types of data which might not have otherwise been utilized. For example, if market sales price data or valid appraised values of Gastown real estate had been available, assessment data would not have been used to estimate trends in property value changes. In some cases, such as the measurement of daytime population, the lack of sources made it impossible to obtain major portions of the necessary information. These comments are not intended to suggest that the study is based upon invalid data, but that, evaluation of the results should be made only with full knowledge of these limitations.

Analytical Methods: Limitations and Criticisms

Every possible effort has been made to determine and employ analytical methods best suited to the specific needs of the study. As demonstrated by the supplementary documentation, the methods of analysis that have been utilized are widely accepted by real estate and business researchers. However, criticism might be directed at the two new concepts developed by the author for the study--the concept of the "R-E-R district" and that of the "Gastown-compatible firm."
The justification of the use of these constructs lies in the fact that no alternatives were available that could have provided equivalent results. The judicious use of these two concepts has not invalidated the results of the study.

Because no operating standards are specifically prepared for commercial historic districts, the retailing ratios chosen for purposes of comparison may be subject to dispute. However, every possible effort has been made to determine and employ standards which are best suited to the needs of the study.

The Research Findings: Suggestions for Use

The findings presented in this paper can be utilized for a number of purposes by individuals who require economic data about Gastown. The background information about the evolution of the Old Townsite that is included in Chapter III can be of value to a wide variety of interest groups to set the current situation in the district in context. This will assist interested parties to understand how and why the present state of affairs was arrived at. However, the major groups likely to benefit from knowledge of the research findings are Gastown merchants, property owners in the Old Townsite, and the city.
Individually, retailers will be able to utilize the results of this study to evaluate the attractiveness of potential commercial investment in Gastown and to weigh alternative courses of action available to businesses already located there. Collectively, Gastown merchants (through the Merchants' Association) can use the information to formulate future plans and to support requests to the City Council for additional services and other assistance. For the purposes of retail decision-making, the data is sufficiently accurate and valid.

Likewise, property owners can employ the findings in the evaluation and direction of courses of action and investment in Gastown. However, the high degree of uncertainty associated with property value change in the area and the shortcomings inherent in the data sources suggest that this should be approached in an extremely judicious manner.

The City of Vancouver may be able to employ a portion of the data in its Stage II study. This, however, is doubtful, since the two studies do not employ the same boundaries or conceptual framework and the data in the present study will be outdated by the time the city is prepared to use it. This economic study will be of greatest value to the city in two areas— as a source of ideas for the Stage II study and as a check upon the results of the Stage II study. This paper may suggest methodologies or data sources which can be employed in the city study. At the same time, it can
be utilized as a rough test of the Stage II results by comparing the city's findings with those of an independent researcher.

Recommendations for Further Study

The study has disclosed a number of areas for further research. These include:

1. A re-examination of the economic factors in Gastown over a longer study period: If a similar study can be undertaken two or three years hence, the research findings and resultant conclusions will be more valid over the long run because trends will have been determined from a more solid data base and the area will have begun to stabilize;

2. A much more extensive study of the economic factors in Gastown: This could be similar to the investigation to be undertaken by the City Planning Department (that is, the Stage II Study) and should provide for a large force of field workers and adequate financing. A project of this nature would be able to overcome many of the problems associated with the lack of required information because it would have available the resources to generate the most appropriate data. This study should provide for analysis of the economic factors relevant to non-Gastown-compatible firms, examination of functional change in locations in addition to those at ground level, and determination of characteristics of the market segment from which Gastown draws its customer traffic;
3. A complete cost-benefit analysis of commercial rehabilitation in terms of the advantages that accrue to both property owners and tenants;

4. An economic analysis of the consequences of alternative courses of action available to the various groups with vested interests in the rejuvenation of Gastown: The examination could, in turn, take the point-of-view of the City of Vancouver, Old Townsite property owners, Gastown retailers, and residents of the area; and

5. Economic studies of other historic districts in North America: Once this data has been compiled, it would be possible to determine if basic forces or trends characteristic of historic and commercial rehabilitation areas can be isolated. Knowledge of these factors could be utilized to predict changes in other historic precincts, or to guide the development of these districts.
Footnotes: Chapter VIII

1 Because the conclusions are determined by the hypotheses formulated for the study, the same format has been employed in the presentation of the conclusions as was previously utilized to set out the hypotheses. This is intended to provide for easier understanding of the conclusions and supporting data.

2 See Chapter VI, Operating Results of Selected Gastown Businesses.


4 See Chapter V, Implications for the Future.

5 See Chapter IV, Implications for the Future.

6 See Chapter IV, Implications for the Future.

7 See Chapter IV, Implications for the Future.

8 See Chapter VI, Operating Results of Selected Gastown Businesses.

9 See Chapter VI, Implication for the Future.

10 Chapter IV, The Nature of Business Change in the Old Townsite.

11 The Financial Post, "More Leap on Bond Bandwagon," March 14, 1970, pp. 1,8 reported that the prevailing prime interest rate on corporate bonds was 9 percent during the first quarter of 1970.

12 See Chapter VI, Operating Results of Selected Gastown Businesses.

13 See Chapter VI, Operating Results of Selected Gastown Businesses.
See Chapter VII, The Nature of Property Value Change in the Old Townsite and Analysis of Rate of Return on Gastown Properties.

See Chapter IV, Implications for the Future.

See Chapter IV, Table III: Changes in Ground Floor Use: 1965-1970.


The high concentration of wholesale-type businesses in Gastown is illustrated by the fact that the individual total floor areas of both the Leckie Building (220 Cambie Street) and the Kelly Building (367 Water Street) exceeds the total area devoted to Gastown-compatible R-E-R uses.

See Chapter IV, The Nature of Business Change in the Old Townsite.


See Chapter IV, The Nature of Business Change in Gastown.

See Chapter VI, Implications for the Future.

See Chapter VI, Analysis of Operating Results of Selected Gastown Business and Chapter VII, The Nature of Property Value Change in the Old Townsite and Analysis of Rate of Return on Gastown Properties. Total investment in Gastown-compatible businesses amounts to $2.2 million, while $1.5 million has been invested in land, buildings, and improvements directly related to the rehabilitation activities.

The most spectacular Gastown success story to date concerns the Old Spaghetti Factory (53 Water Street). This restaurant was only opened in late March, 1970, yet recent gossip in the business community of the Old Townsite states that all bank loans were repaid from cash flow by
October of the same year. Source: T. Willox, Publisher of the Gastown Gazette. Interview with the writer, September 17, 1970.


27 For example, rental rates are inseparably tied to the commercial success of business firms located in Gastown. It is irrelevant for property owners to consider rent increases if the tenant-merchants have not been able to realize profits from their operations.

28 The return on investment question (see Appendix A, Question C6) appears to have been a question that was often misunderstood by respondents.

29 It proved to be particularly difficult for the owners of businesses which were less than six months old to estimate 1970 sales results.

30 For example, important questions about the amount of working capital and the level of attained markup were omitted.

31 It is likely that pretesting of the questionnaire would have disclosed the shortcomings associated with the return on investment question.

32 For example, the forces which promoted commercial rehabilitation in San Francisco appear to be very different from those that have influenced Gastown.
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APPENDICES
APPENDIX A

QUESTIONNAIRE ADMINISTERED TO GASTOWN-COMPATIBLE

BUSINESSES AND ACCOMPANYING LETTER
A. Classification Information

1. On the last two pages of this questionnaire, you will find a list which describes business categories. Please place a check ( ) beside the one category which you feel best describes your line of business.

2. Number of years in operation in the Gastown area (i.e., total number of years; not necessarily at one location): ____________ years.

3. Please place a check mark in one space in each of the three categories below, which you feel best describes the group from which your firm draws its customers:

   a. ____________ Male
      ____________ Female
      ____________ Equal numbers of Male and Female

   b. ____________ Married
      ____________ Single

   c. ____________ Less than 18 years of age
      ____________ 19 to 25 years of age
      ____________ 26 to 30 years of age
      ____________ 31 to 40 years of age
      ____________ 41 to 50 years of age
      ____________ over 50 years of age
B. Location and Building Information

1. Number of years in operation at present location:

   ________ years.

2. Please place a check mark beside the category which best describes the location of your business within your building:

   ________ located on ground floor only
   ________ located on ground floor and additional floors above and/or below ground level
   ________ located on basement level only
   ________ located above ground floor only

3. What type of business occupied your present Gastown location before you took possession?:

   __________________________________________

4. What is the size of the premises that you occupy in Gastown at the present time?:

   ________ square feet, located on ________ floors (including basement space)

5. Answer either a. or b., not both:

   a. What is the yearly rent of the space which you presently occupy?:

      $ _____________ PER YEAR

      OR

   b. When did you purchase your present location and what price did you pay?:

      $ _____________; DATE __________
C. Operating and Financial Information

1. What was your total sales volume for:
   the last complete fiscal year $ __________
   for the year ending ________________
   or
   ________________ not yet in business one complete year.

2. What do you estimate will be your sales volume for the current year?:
   $ ________________ for the year ending ________________

3. What is your best estimate of the following amounts invested by your firm at their Gastown location?:
   (include all funds--borrowed money and owner's capital)
   Land and buildings $ ________________
   Alterations and renovations $ ________________
   Fixtures and equipment $ ________________
   Stock or raw material $ ________________

4. What portion of the total investment reported in Number 3 has been borrowed from sources outside the firm?:
   $ ________________

5. How many employees do you have on your staff working at your Gastown location?:
   Full time ________________ staff members
   Part time ________________ staff members
   Average number of hours worked by
   Part time staff ________________ (hours per week)

6. What percentage return on the money invested by your firm in Gastown do you feel will be realized during the current year?:
   ________________% (after all expenses and income tax)
STANDARD BUSINESS CLASSIFICATION

To be completed for question A-1. Please note that you are to place a check mark beside only one category.

I. Retail-type (including eating and drinking places)

1. Antiques
2. Appliances
3. Automobile Parts
4. Automobile Sales
5. Bar, Beer Parlour
6. Bicycle Sales
7. Book Store
8. Camera-photographic Supplies
9. Clothing & Furnishings-children
10. Clothing & Furnishings-family
11. Clothing & Furnishings-men
12. Clothing & Furnishings-women
13. Coffee Shop, Cafeteria
14. Department Store
15. Drug Store
16. Florist
17. Food Store
18. Furniture-home furnishings
19. Garden Supplies
20. Gasoline Service Station
21. General Merchandise, dry goods
22. Gifts, novelties, souvenirs
23. Hardware-Building Supplies
24. Jewelry
25. Leather Goods
26. Liquor
27. Luggage
28. Music Shop
29. Newspapers, Magazines, Cigars
30. Office, Store Equipment
31. Optical Goods
32. Pawn Shop
33. Restaurant
34. Second-hand Store
35. Shoe Store
36. Sporting Goods
37. Stationary
38. Variety Store
39. Other retail stores not classified elsewhere; please specify.
II. **Consumer Services (repair and personal services)**

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<tr>
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<td>Barber Shop</td>
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<td>3</td>
<td>Beauty Salon</td>
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<td>4</td>
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<td>5</td>
<td>Funeral Services</td>
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<td>6</td>
<td>Fur Repair &amp; Storage</td>
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<td>7</td>
<td>Garment care (cleaning, laundry, repair)</td>
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<td></td>
<td>Interior decorating</td>
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<td>Parking Lot</td>
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<td>Photographic studio</td>
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<td>Repair Shop</td>
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III. **Amusement and Entertainment**

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<td>Cabaret, Night Club</td>
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<td>Dance Halls - Studios</td>
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<td>Motion Picture Theatre</td>
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<td>Shooting Gallery</td>
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IV. **Office-Type**

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<td>Detective Agency</td>
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</tr>
<tr>
<td>4</td>
<td>Employment Agency</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Office &amp; Stenographic Ser.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Printing &amp; Duplicating</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Telecommunications</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Telephone Answering</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Finance Company &amp; Bank</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Insurance</td>
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<td>11</td>
<td>Private School (all types)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Architectural</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Dental</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Engineering</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Laboratory Analysis</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td>16</td>
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<tr>
<td></td>
<td>Marketing Research</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Medical</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Planning</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Research</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Real Estate</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Other Office-type firms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>not classified elsewhere; please specify</td>
<td>22</td>
</tr>
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</table>

V. **Wholesale-Type**

<table>
<thead>
<tr>
<th></th>
<th>Service</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Agents and Sales Representatives (no stock on premises)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Merchant Wholesalers (stock carried on premises)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Warehousing and Trucking</td>
<td></td>
</tr>
</tbody>
</table>
VI. Industrial-Type
1. Construction
2. Manufacturing
3. Processing

Other Industrial-Type
Firms not classified elsewhere; please specify

VII. Residential and Transient Use
1. Multi-family Dwellings, Apartments
2. Single-family or Duplex Dwelling
3. Transient Lodging (hotels, guest houses, etc.)
APPENDIX B

NAMES AND ADDRESSES OF GASTOWN MERCHANTS

WHO PARTICIPATED IN THE QUESTIONNAIRE STUDY
### Names and Addressed of Gastown Merchants

Who participated in the Questionnaire Study

<table>
<thead>
<tr>
<th>Name of Business</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andromeda</td>
<td>117 Water</td>
</tr>
<tr>
<td>The Aspidistra Room</td>
<td>203 Carrall</td>
</tr>
<tr>
<td>Beau Brummell</td>
<td>221 Carrall</td>
</tr>
<tr>
<td>The Classical Joint</td>
<td>231 Carrall</td>
</tr>
<tr>
<td>Danet Interiors</td>
<td>97 Water</td>
</tr>
<tr>
<td>Exposition Gallery</td>
<td>151 Water</td>
</tr>
<tr>
<td>Fox and Fluevog</td>
<td>2 Powell</td>
</tr>
<tr>
<td>Gastown Vintage Auto</td>
<td></td>
</tr>
<tr>
<td>Gurda Leather</td>
<td>99 Alexander</td>
</tr>
<tr>
<td>Happiness</td>
<td>117 Water</td>
</tr>
<tr>
<td>Hi Paulo</td>
<td>229 Carrall</td>
</tr>
<tr>
<td>The House of the Red Lantern</td>
<td>308 Water</td>
</tr>
<tr>
<td>Ironcraft</td>
<td></td>
</tr>
<tr>
<td>Jelly Beans</td>
<td>308 Water</td>
</tr>
<tr>
<td>Kiano Village</td>
<td>2 Water</td>
</tr>
<tr>
<td>Labrinth</td>
<td>83 Alexander</td>
</tr>
<tr>
<td>Mediterranean Guitar Shop</td>
<td>339 Water</td>
</tr>
<tr>
<td>Metalmorphosis</td>
<td>77 Powell</td>
</tr>
<tr>
<td>Mom's Homemade Bananas</td>
<td>117 Water</td>
</tr>
<tr>
<td>Netto</td>
<td>60 Powell</td>
</tr>
<tr>
<td>New Look Interiors</td>
<td>316 West Cordova</td>
</tr>
<tr>
<td>Oceanic Cost Plus Imports</td>
<td>150 Water</td>
</tr>
<tr>
<td>The Old Spaghetti Factory</td>
<td>53 Water</td>
</tr>
<tr>
<td>Pier 1 Imports</td>
<td>100 Powell</td>
</tr>
<tr>
<td>The Sahara Club</td>
<td>110 Water</td>
</tr>
<tr>
<td>Sailor</td>
<td>117 Water</td>
</tr>
<tr>
<td>Scandinavian Imports</td>
<td>157 Water</td>
</tr>
<tr>
<td>The Silver Needle</td>
<td>308 Water</td>
</tr>
<tr>
<td>Tecum Furniture</td>
<td>129 Water</td>
</tr>
<tr>
<td>Trident Imports</td>
<td>57 Water</td>
</tr>
<tr>
<td>Uranus</td>
<td>117 Water</td>
</tr>
<tr>
<td>The Yardstick</td>
<td>350 West Cordova</td>
</tr>
<tr>
<td>Ye Olde Fabric Bin</td>
<td>300 Water</td>
</tr>
<tr>
<td>Yolarta Fashion Gallery</td>
<td>200 Carrall</td>
</tr>
<tr>
<td>Wife of Bath</td>
<td>308 Water</td>
</tr>
</tbody>
</table>
APPENDIX C

FUNCTIONAL CLASSIFICATION SYSTEM

EMPLOYED IN THE STUDY
Listing and Explanation of the Components of the Functional Classification System Employed in the Gastown Study

The groupings used to categorize ground floor land use in Chapter IV (see Table VI and Maps 4 and 5) are based upon the "Proposed Functional Classification System for CBD Land Use Analysis in Small Metropolitan Areas" suggested by Shirley F. Weiss in The Central Business District in Transition.¹

The exact components of each category as well as the modifications that were made in order to obtain results more appropriate to the needs of the present study are as follows:

I. Retail-type Use

A. Retail Trade Establishments

1. Food stores
2. Eating, drinking places²
   a. Full service restaurants
   b. Cafeteria, Coffee shops
   c. Bars, Beer Parlours
   d. Coffee Houses (with entertainment)
3. General Merchandise Stores
   a. Department stores
   b. General merchandise stores
   c. Variety stores
   d. Import stores (carrying specialty, low cost items)³
4. Apparel, Accessories stores
   a. Shoe Stores
   b. Men's, Boys' Clothing and Furnishing stores
   c. Family Clothing stores
   d. Women's Clothing, Specialty Stores
   e. Children's, Infants' Wear Stores
5. Home Furnishing Stores
   a. Furniture stores
   b. Home Accessory stores
   c. Appliance dealers
6. Automotive Dealers⁴
   i. Passenger Car dealers
   2. Automobile Parts Dealers³
   3. Gasoline Service Stations³
7. Hardware, Building Material Stores⁵
8. Drug Stores
9. Other Retail Stores
   a. Liquor Stores
   b. Garden Supply Stores
   c. Jewelry Stores
   d. Pawn Shops
   e. Book Stores
   f. Fabric, Drapery Stores
   g. Stationery Stores
   h. Sporting Goods Stores
   i. Bicycle Stores
   j. Florists
   k. Cigar Stores, Stands
   l. News Dealers, Newstands
   m. Gift, Novelty, Souvenir Stores
   n. Music Stores
   o. Cameras, Photographic Supply Stores
   p. Luggage and Leather Goods Stores
   q. Optical Goods Stores
   r. Office, Store Machine, and Equipment Dealers
   s. Second-hand Stores
   t. Antique Shops
   u. Art Galleries and Print Shops
   v. Pottery, Hand-crafted Item Stores
   w. Retail Stores not elsewhere classified

B. Establishments Offering Personal and Repair Services
   Services Primarily to Consumers

   1. Barber, Beauty Shops
   2. Funeral Service Establishments
   3. Photographic Studios
   4. Shoe Repair Shops, Shoeshine Parlours
   5. Garment Care Stores (cleaning, laundry, dyeing, pressing, repair)
   6. Fur Repair Store
   7. Dressmakers
   8. Interior Decorating Services
   9. General Automobile Repair Shops
   10. Automatic Laundries
   11. Miscellaneous Personal Services

C. Amusement and Recreation Establishments

   1. Night Clubs, Cabarets
   2. Motion Picture Theatres
   3. Bowling Alleys
   4. Dance Halls, Studios
   5. Shooting Galleries
   6. Coin-operated Amusement Device Establishments
   7. Other Amusement, Recreation Services, not elsewhere classified.
II. **Office-type Use**

A. **Real Estate, Finance, and Insurances**
   (banks and offices)

B. **Business Services** (accounting; advertising; private employment agencies; telecommunications; printing and duplication; office and stenographic services; telephone answering service; detective agencies)

C. **Professional Services** (legal; medical; dental; engineering; architectural; marketing research; planning; laboratory analysis)

D. **Other Office-type Establishments Not Elsewhere Classified**

III. **Parking Use**

IV. **Public and Quasi-public Use**

A. **Public Buildings**
B. **Parks, Recreation Areas, Open Space**
C. **Private Institutions** (Schools, hospitals, churches, welfare)
D. **Organization Headquarters** (union, civic, political, fraternal, social, religious)
E. **Railroad Terminals, Bus Depots, and Heliports**
F. **Utilities and Sanitary Service.**

V. **Wholesale-type Use**

A. **Merchant wholesalers** (stock on premises)
B. **Manufacturers' Sales Branches** (stock on premises)
C. **Wholesale Agents and Brokers** (no stock on premises)
D. **Manufacturers' Sales Offices** (no stock on premises)

VI. **Industrial-type Use**

A. **Manufacturing**
B. **Processing**
C. **Construction**
D. **Railroad Shops and Yards; Railway Express Depots**
E. **Transportation and Trucking Facilities**
F. **Industrial-type Activities not elsewhere classified**

VII. **Residential Use**

A. **Single-family, Duplex Dwellings**
B. **Apartments, Multi-family Dwellings** (other than duplexes)
C. **Transient Lodging** (hotels, boarding houses, etc.)
VIII. Storage and Warehouse Use

A. Public warehouses
B. Private warehouses and storage areas

IX. Vacant or Undergoing Renovation

A. Premises not occupied by any firm or individual
B. Premises not occupied but undergoing renovation or structural change

Originally listed by Weiss only as "eating, drinking places," without subcategories.

Not included in the original classification system prepared by Weiss.

Categories deleted from Weiss system: "b. tire, battery, accessory dealers; c. motorcycle, aircraft, boat dealers; d. household trailer dealers."

Originally listed as "lumber, building materials, hardware, farm equipment dealers."

Subcategories deleted: "b. fuel, ice dealers; c. hay, grain, feed stores."

Originally included "farm supply stores."

Originally listed in category LA3b under "dry goods, general merchandise stores."

Originally listed as two sub-categories: "5. cleaning, pressing, dyeing, garment repairs; 7. laundries, laundry services."

Categories deleted: "4. riding academies; 5. skating rinks; 6. swimming pools; 9. amusement parks."

Includes "Commercial parking lots, parking structures, and garages; public parking lots with meters of attendant; and public lots without meters, open to public use."

As originally structures by Weiss, this was two separate categories.

Originally included in "office-type use."

Originally included in "wholesale-type use."

Originally included in "wholesale-type use."
APPENDIX D

BLOCK NUMBERS AND LEGAL DESCRIPTION COORDINATES

IN THE GASTOWN STUDY AREA
BLOCK NUMBERS AND LEGAL DESCRIPTION COORDINATES IN THE GASTOWN STUDY AREA

- Large Numerals (eg. 3) indicate block number as per legal description
- Small Numerals (eg. 100) indicate block number as per street address

Source: City of Vancouver, Assessment Office.
APPENDIX E

GLOSSARY
Glossary

In order that the reader will be able to consider the thesis from a perspective similar to that of the author, it is necessary that he understand the conceptual basis of the terms and concepts employed throughout. The following definitions are provided in order to establish a point of reference for consideration of the contents of the paper.

Blight - is the condition which is characterized by "the decay premature obsolescence found in many neighbourhoods, commercial districts, and industrial areas." Generally speaking, "the two basic characteristics of blighted areas are sub-standardness and either stagnation or deterioration."2

The Central Business District - "is the heart of the city. It contains the greatest concentration of offices, the highest land values, the most dense cluster of tall buildings, the hub of the city's transportation system, the service centre for the urban area, the most accessible point for most of the city dwellers."3 The central business district, or CBD, as it is often called, is also known as the Central Traffic District, the Central Commercial District, or the Downtown Business District, while in popular usage, the term most often employed is, the Downtown."4

Commercial Rehabilitation (Also called Commercial Restoration) - is the process of physical alteration and restoration of buildings in order "to convert crumbling, colorful structures of the past into attractive, functional sites to serve modern business needs."5 The emphasis in this case is upon gaining a balance between the goals of historic restoration, and the economic demands imposed by the need to maximize return on investment.

Deterioration - is the situation which occurs when districts "have begun to fall below accepted minimum standards, either because of physical or economic change in the district itself or because the standards have risen over a period of time."6
Environmental Rehabilitation - is the process in which "open space is treated to relate to the rehabilitated building so it carries the character of the building beyond the edge of the walls to the edge of the sidewalk."7

Historic Rehabilitation (Also called Historic Preservation) - is"a well-rounded program of scientific research and study, protection, restoration, maintenance, and the interpretation of sites buildings, and objects significant in [National] history and culture."8 In most cases, the remodelling and restoration work must be "accomplished without significant alteration to the exterior appearance of the building."9

Marketing Research - is the "inclusive term which embraces all research activities carried on in connection with the management of marketing work....It includes various subsidiary types of research, such as Market Analysis, Sales Analysis, Consumer Research, and Advertising Research."10

Real Property - is an expression "now generally used loosely to signify land and buildings."11

Retail Store - "is a business enterprise which sells primarily to ultimate consumers for non-business use."12 For the purposes of this study, businesses included in this category are considered to be those included in Shirley F. Weiss', "Detailed List for Retail-type Use."13

Substandardness - "Is basically a condition in which an area falls below certain officially adopted or generally accepted requirements of fitness for the purposes for which it is being used."14

Urban Centre - "is a densely settled built-up area."15

Urban Conservation - is a process which "is applicable to areas of sound quality in which buildings are kept in good physical condition by means of proper maintenance (including repairs and replacements). It consists in general of the protection of the quality of such areas by preventing the occurrence therein of all kinds of conditions that have resulted in deterioration and obsolescence in redevelopment and rehabilitation areas."16 The main goal of conservation activities is "to prevent the decay of sound buildings and neighbourhoods."17
Urban Redevelopment - is a process "in which buildings or areas beyond economic repair are replaced by developments of a similar or more suitable nature."\textsuperscript{18} This process is characterized by clearance and new construction.

Urban Rehabilitation - is "the alteration of the physical nature of a building to the point where it is at least a safe, sound, and decent structure capable of serving a viable economic use."\textsuperscript{19} The underlying goal is "cure" rather than prevention or renewal; "it is thus the process of restoring to a sound condition."\textsuperscript{20}

Urban Renewal - is the "guidance of public and private processes of redevelopment, rehabilitation, and conservation [of individual buildings or whole areas] in the light of social, economic, and physical objectives agreed upon by the community, as opposed to merely allowing the market to take its course."\textsuperscript{21}

Urbanization - is a process involving either an "increase in the proportion of population residing in urban centres" or an "increase in the number of urban centres."\textsuperscript{22} The level of urbanization is measured by the percentage of population residing in urban areas.
Footnotes: Glossary


18 Ibid., p. 2.