

Calgary Economic Development Strategy Update

SWOT Assessment

Strengths

Leading economic performance

- Calgary's median family income exceeds the national average by 29%
- Calgary's economic growth outpaces Montreal, Vancouver and Toronto
- Calgary Economic Region created 16% and 14% of all jobs in Canada in 2011 and 2012 respectively
- Current unemployment in the Calgary Economic Region stands at 4.2%
- Calgary based companies have attracted \$28 billion in investment from Asia in recent years

A concentration of energy sector industries

- Energy sector employs 12.5% of Calgary's employed labour force
- Calgary is home to the head office of every major oil and gas company in Canada
- Calgary based companies produce 3-5% of the world's oil and gas, but 15% of global oil and gas deal flow is done through Calgary based firms

A diverse business community

- In a provincial context, Calgary has a high concentration of employment in professional scientific and technical services, arts, entertainment and recreation, information and cultural industries and finance and insurance
- Toronto's Board of Trade Global Scorecard on Prosperity ranks Calgary's finance cluster 4th among leading North American cities
- Global Financial Centres Index ranked Calgary 17th of 79 global financial centres in March 2013

A growing technology sector

- The provincial technology sector is the third largest business sector in Alberta
- Calgary is now home to Innovate Calgary, Start-up Calgary and Accelerator YYC

A concentration of corporate headquarters

- Calgary hosts the headquarters of 10 of the top 50 companies in Canada
- Calgary has the highest ratio of head offices per capita in Canada

A high level of business confidence

- Downtown office and industrial real estate vacancy rates are declining
- Business confidence in Alberta ranks the second highest in Canada

Quality of industrial land and market choice

- More than 2,800 acres of land in Calgary's SE
- More than 2,000 acres of land in Calgary's NE

Current capacity and expansion of Calgary International Airport

- Canada's fourth busiest airport by tonnes shipped and passenger volume
- Expansion will double terminal space

A vibrant and liveable city

- Calgary scores highly in global and north American rankings of quality of life and liveability

A network of community development partners and resources

- Imagine Calgary and Calgary Poverty Reduction Initiative have identified 'constellation partners' as part of their implementation planning
- Calgary's Inspiring Strong Neighbourhoods Program involves residents in targeted design solutions to improve neighbourhoods
- Some progress made integrating economic goals into community strategies

A skilled and talented workforce

- Over 60% of the working population has a post-secondary education
- Over 72,000 hold diplomas or degrees in engineering and related technologies
- Highest labour force productivity of Canada's largest cities by GDP per worker

Strong community spirit

- United Way Calgary and Area raised \$55.2 million in 2012
- Calgary's collective and positive response to the recent flood captured national attention
- *Calgary. Be Part of the Energy* was created to define the city's community spirit and has been broadly adopted by the promotional partners

Weaknesses

Lack of focus on place-making

- More attention needs to be directed at growing and supporting the city's arts and culture community
- Neighbourhoods need to become nodes of community activity

Impact of regional growth on infrastructure

- Investment in transportation infrastructure lags growth
- Calgary Transit surveys reflect growing concerns with overcrowding

Persistent labour force shortages

- Recent survey suggests 50% of businesses consider access to skilled labour as a barrier to future business growth
- Alberta is anticipating 114,000 person labour shortfall by 2020, 30% of which will be in Calgary Economic Region
- Labour force competition between sectors within the region
- Only 1 in 4 of migrant workers stay in Alberta

Reliance on energy exports to the United States

- Energy products comprised 72.2% of Alberta's exports in 2012
- The United States accounts for 87.3% of all exports from Alberta

Lack of support for start-ups and technology firms

- Challenges in accessing capital
- Sector lacks profile within the broader business community
- Support to start-ups and technology firms is fragmented
- Canadian Federation of Independent Business ranks Calgary 13th overall in policy support to start-ups

High business costs

- Non-residential property tax combined with business tax reduces Calgary's competitiveness
- High cost of labour seen as a barrier to business in some sectors
- Downtown office and industrial lease rates are increasing
- Commuting costs are increasing

Lack of local supply chain integration

- Large firms don't look to local sources for goods and services
- No local government support for a 'buy local' procurement policy

Low high school completion rates

- While improving, Calgary's performance continues to lag the provincial rate
- Calgary and Alberta have a considerably lower completion rates than Ontario

Housing availability and cost of living

- High housing costs are affecting businesses' ability to attract workers
- Calgary's rental vacancy rate stood at 1.2% in April and is predicted to decline further in 2013
- Lack of serviceable land for suburban development
- Lack of urban housing for attracting migrants
- Calgary has the fastest growing income gap between neighborhoods in Canada

Opportunities

Emerging energy markets in Asia

- 85% of growth in energy demand to 2040 will be from developing countries
- Keystone XL and Northern Gateway would create pathways to these markets

Carbon capture and storage

- Carbon Capture Storage (CCS) could represent a worldwide market of \$100 billion by the year 2020

Renewable and alternative energy technologies

- Alberta has the potential to expand wind energy from 1,100MW installed capacity to 64,000MW
- Calgary's wind energy firms operate over 50% of Canada's installed generation
- Southern Alberta has the most solar capacity in Canada
- Public interest in greening operations and buildings is increasing

Integration of technological tools in business

- Technology is changing how we work, do business, manufacture and build
- Technology is considered the competitive edge for advanced economies

Creative place-making

- Community's appearance and quality of life plays a major role in attracting high-earning residents
- Intentional efforts to leverage arts and culture builds the character and identity of a place

Social enterprise development

- Focused on ideas that resolve existing social, cultural, economic and environmental challenges for the benefit of people and the planet
- One third of all social enterprises in Canada started in the past two years

Local food economy

- The number of local food initiatives in Canada has doubled in past ten years
- Only 38% of total food expenditure (\$10 Billion) remains in Alberta offering the potential to capture a larger share of the market

Growth in business tourism

- Business visitors in Calgary increased from 12% of all visitors in 2006 to 14% in 2009 and 17% in 2011
- Business visitors to Calgary spend more, as they are more likely to stay in hotels and eat in restaurants

Threats

Volatility of world energy prices and the energy industry

- Calgary has a history of reacting to energy prices
- Prices could drop as a result of the world economy moving to new forms of energy

Perceptions of energy and the environment

- The environmental movement is gathering strength and threatens to block pipeline expansion
- The loudest voices are controlling the conversation over truths of the oil and gas industry

US energy self-sufficiency and reduced demand

- Energy Information Administration (EIA) reports increases in oil and gas production in the US
- EIA reports US reliance on imported oil has declined since peaking in 2005

Global economic uncertainty

- Continuing Eurozone financial crisis, Japanese recession, and Middle East instability
- Slow growth continuing in the United States and China

Shifting federal regulatory environment

- Changes in environmental regulations and regulating bodies could slow environmental approvals process
- Uncertain rules governing Foreign Direct Investment challenge new investment in the energy sector
- Shifting immigration policies and priorities make it more difficult to secure foreign workers

Competition for investment and talent

- Other jurisdictions may lower royalties or taxes to attract business investment
- Other provinces and cities are actively pursuing workers in Calgary's in-demand occupations

Lagging provincial productivity growth

- Canadian productivity growth lags the United States and other advanced economies
- Alberta productivity growth is below the national average

All levels of government have budget restraints

- Provincial and federal funding has been cut in research and business support programs
- Flooding in 2013 is placing additional pressures on municipal and provincial budgets that are already stretched

Economic and social implications of future disasters

- Future floods or other natural disasters could result in lost homes, jobs and business with expensive clean-up costs
- Planning for flood mitigation will have a significant impact on future municipal and provincial budgets