

Reimagine Calgary

May 25, 2017



calgary economic
development
be part of the energy™

Calgary Economic Development's collaborative
energy makes us a conduit, connector
and catalyst Calgary.

Table of Contents



01

Setting the stage

02

Trends

03

Our Response

Calgary Economic Development



We work with business, government and community partners to position Calgary as the location of choice for the purpose of attracting **business attraction & investment**, fostering **trade** and developing Calgary's **workforce**.

We are a steward of the 10-Year Economic Strategy for Calgary: **Building on our Energy**

As conduit, connectors and catalyst, we collaborate to accelerate **purposeful diversification**, embrace **shared prosperity** and build a **strong community**.

We are a **not-for-profit** corporation funded by the City of Calgary, community partners, other orders of government and the private sector



Our Services and Areas of Focus



Economic Indicators Summary



	2012	2013	2014	2015	2016	2017F
GDP Growth	4.2%	5.7%	5.8%	-2.8%	-1.9%	2.3%
Calgary CMA						
Alberta Capital Expenditure on Oil and Gas Extraction (Billions)	\$47.2	\$51.6	\$58.1	\$38.0	\$24.7	\$25.3
Price of Oil						
WTI (EIA; \$USD/barrel)	\$87.86	\$97.63	\$59.29	\$48.67	\$43.33	\$50.68
WCS (\$USD/barrel)	\$57.87	\$58.96	\$43.24	\$22.51	\$29.48	\$38.69
Price of Gas						
Henry Hub (EIA; \$USD/mmBTU)	\$3.34	\$4.24	\$3.48	\$2.72	\$2.60	\$3.27
AECO-C (\$CDN/GJ)	\$3.01	\$3.68	\$3.05	\$2.19	\$2.05	\$2.99
Unemployment Rate	4.9%	4.5%	4.5%	6.7%	10.1%	9.3%
CMA (December)						April 2017
Net Migration	28,781	37,286	35,424	19,123	23,006	12,443
CMA; July 1 to June 30 of previous year; updated annually in February						
Office Vacancy	5.0%	9.1%	9.8%	17.6%	25.0%	28.0%
Downtown (Q4)						
Building Permits	\$5.25	\$7.14	\$7.33	\$7.17	\$5.42	\$1.10
CMA (Billions)						YTD March 2017
Benchmark Home Price	\$386,500	\$421,000	\$457,100	\$448,100	\$431,700	\$435,500
All Housing Types (December)						April 2017

Sources: Alberta Energy Regulator, Canadian Real Estate Association, CBRE Limited, The Conference Board of Canada, Industry Canada, Statistics Canada, U.S. Energy Information Administration

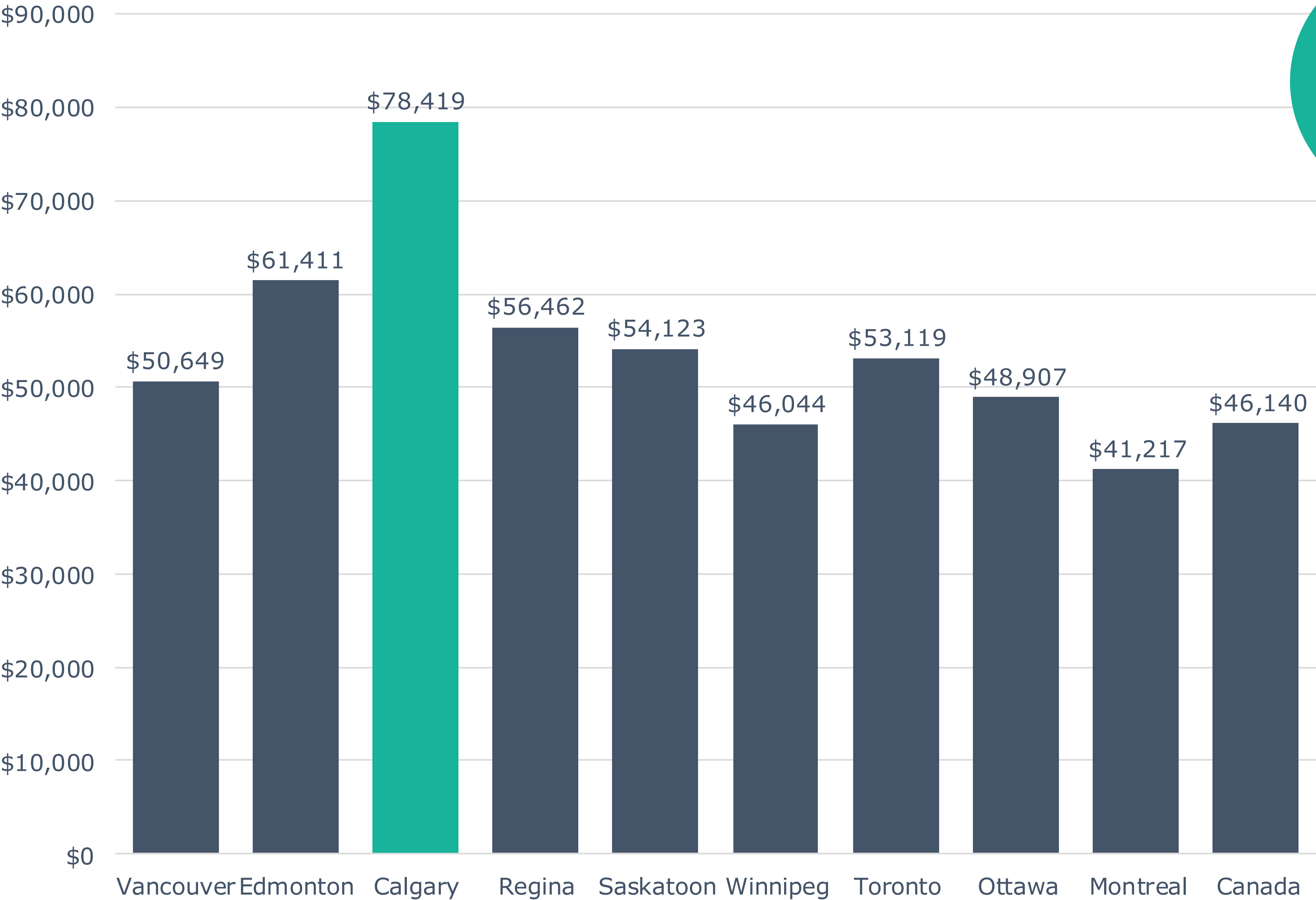
Major Canadian Cities Comparison



	Vancouver	Edmonton	Calgary	Saskatoon	Toronto	Ottawa	Montreal	Canada
2016 Real GDP Growth	3.8%	-2.7%	-1.9%	-1.7%	3.7%	1.5%	1.5%	1.1%
2017F Real GDP Growth	2.4%	2.4%	2.3%	1.6%	2.7%	2.3%	1.9%	2.0%
CMA Population <small>July 2016</small>	2,548,740	1,392,594	1,469,341	247,224	315,150	811,874	6,242,273	1,351,135
2016 Population Growth	1.6%	2.5%	2.5%	2.6%	3.2%	2.2%	1.9%	1.6%
Unemployment Rate <small>April 2017</small>	4.8%	8.1%	9.3%	4.6%	6.9%	5.3%	6.7%	6.5%
Participation Rate <small>April 2017</small>	66.1%	73.3%	74.6%	73.0%	66.4%	68.4%	66.7%	65.6%
Employment Growth <small>April 2017</small>	82,100 6.4%	-9,500 -1.2%	19,800 2.5%	-500 -0.3%	6,200 0.2%	9,300 1.3%	7,700 0.4%	275,700 1.5%
Full-Time Employment Growth <small>April 2017</small>	5.5%	-3.1%	0.6%	-1.5%	-0.4%	0.0%	0.3%	1.3%
Part-Time Employment Growth <small>April 2017</small>	9.4%	8.4%	12.2%	3.3%	4.6%	8.6%	-0.3%	2.5%
Provincial Average Weekly Earnings <small>February 2017</small>	\$941.90	\$1,122.17	\$1,122.17	\$1,011.73	\$997.20	\$997.20	\$893.55	\$974.83

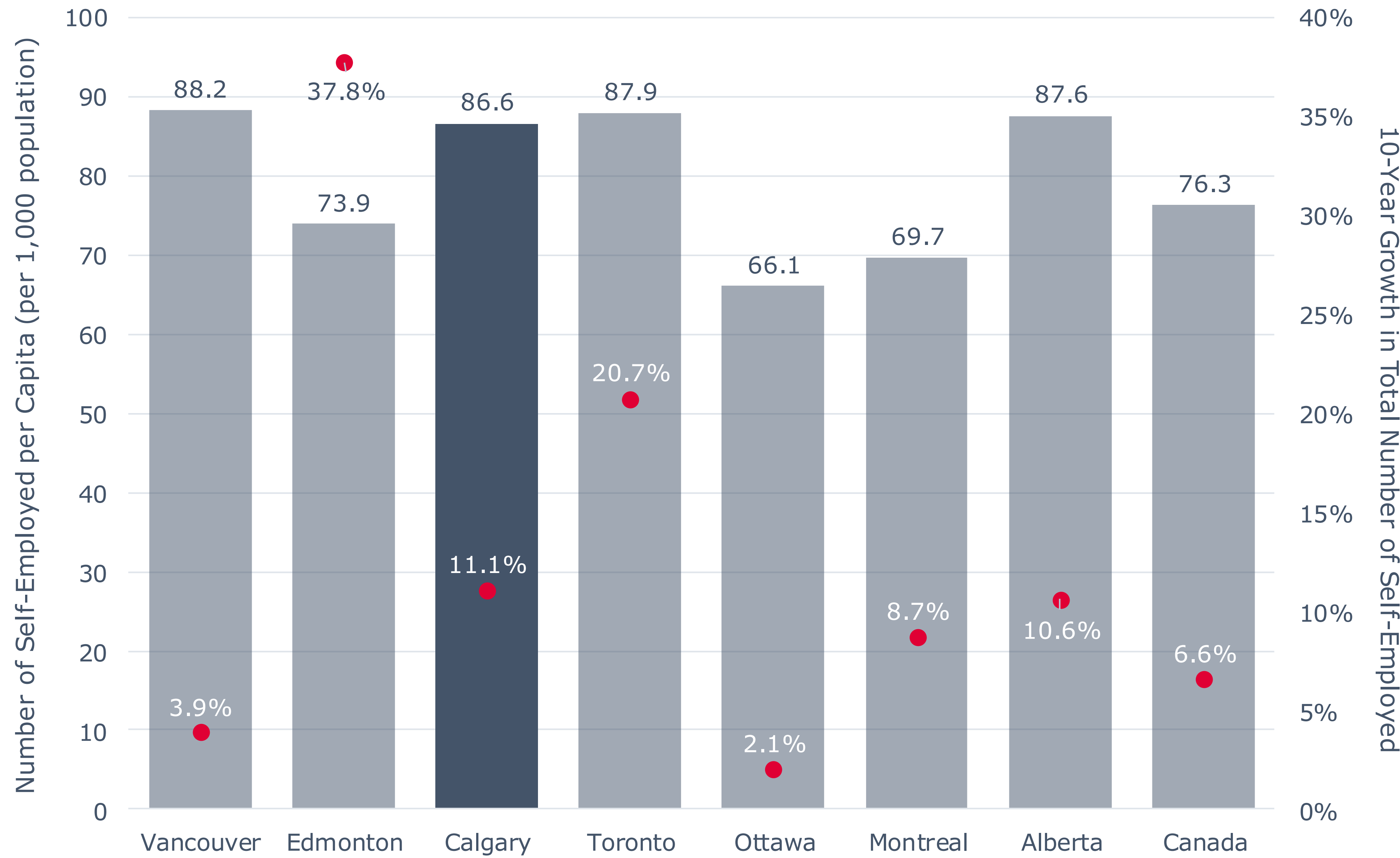
Source: Conference Board of Canada, Statistics Canada

Annual GDP per Capita Across Canada



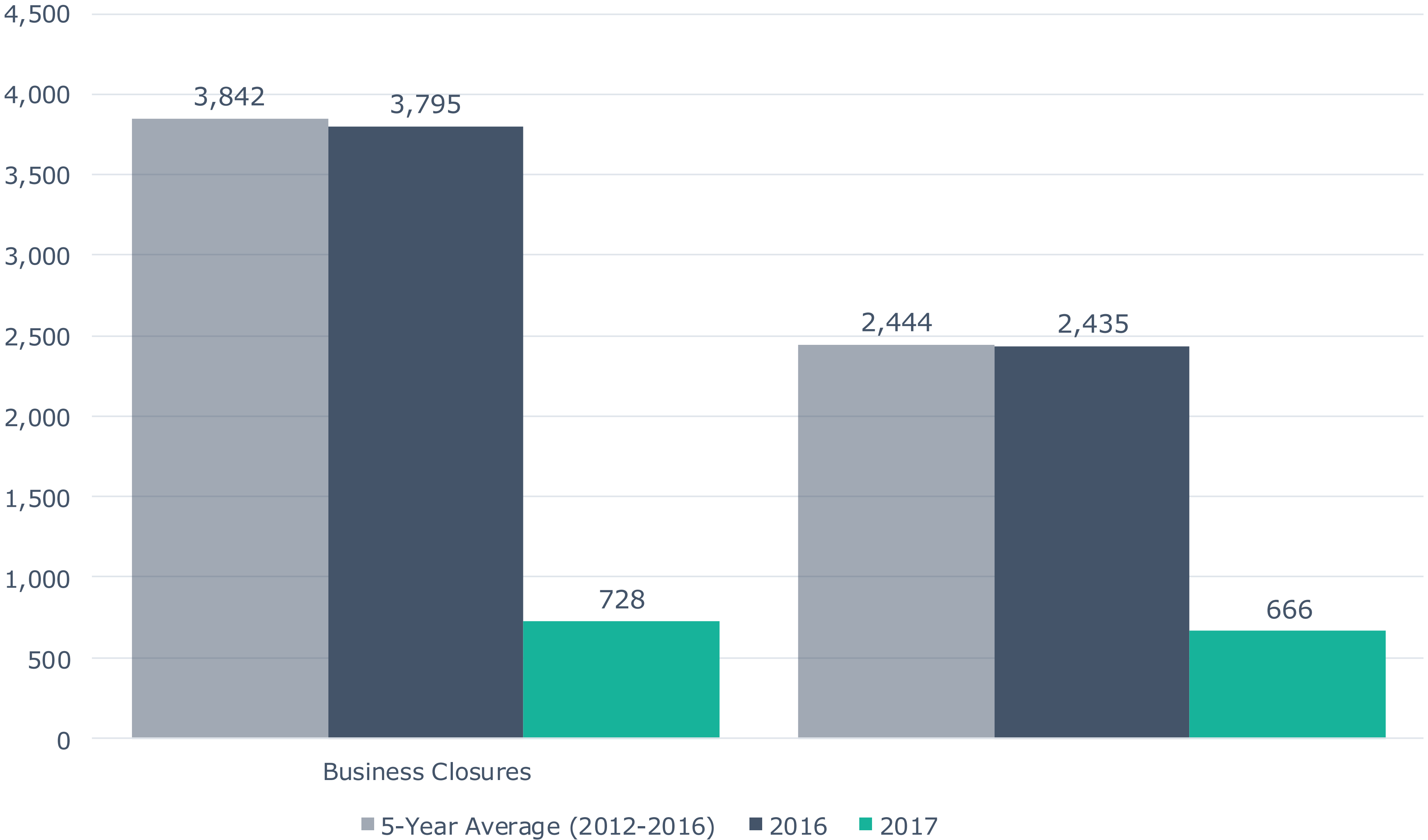
A leader in economic power, with the highest annual GDP per capita of major cities in Canada

Self-Employed per Capita and 10-Year Growth



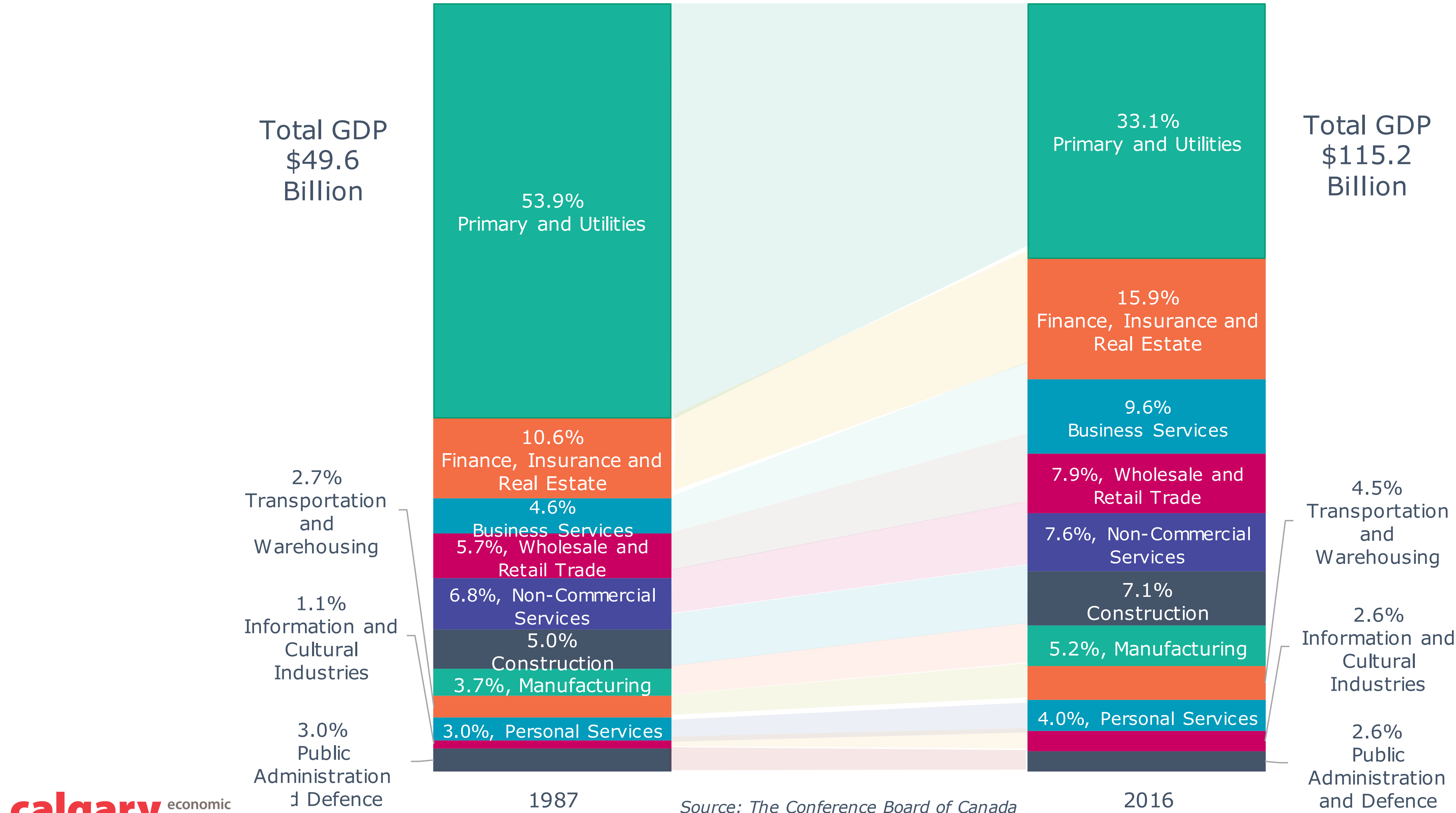
Source: Statistics Canada, 2016, per 1,000 Population

City of Calgary Business Openings and Closures



Calgary GDP by Industry

Calgary's economy is diversifying



FDI Investment into Calgary



Top 10 Companies with FDI Capital Projects	(\$million)	Industry Sector	Project Date
Datto	\$104.67	Communications	August 2016
DHL Express	\$69.24	Transportation	June 2016
doTERRA	\$43.32	Consumer Products	June 2016
Bank of Tokyo-Mitsubishi (Canada)	\$22.04	Financial Services	June 2015
Freepoint Commodities	\$22.04	Financial Services	February 2015
PECO Pallet	\$20.16	Wood Products	June 2015
IKEA	\$15.00	Retail	June 2016
Woodside Petroleum (Woodside Energy)	\$13.52	Coal, Oil and Natural Gas	January 2015
VeriClaim	\$8.14	Financial Services	September 2016
ALE Roll-Lift	\$7.51	Industrial Machinery, Equipment & Tools	April 2015

Calgary Forecast GDP by Industry



	2017 (2007 \$ Millions)	2021 (2007 \$ Millions)	Total change 2017-2021 (%)
<u>Goods-Producing Industries</u>	54,076	60,043	9.9%
Manufacturing	6,103	6,996	12.8%
Construction	8,166	9,022	9.5%
Primary and utilities	39,807	44,024	9.6%
<u>Services-Producing Industries</u>	63,746	69,748	8.6%
Transportation and warehousing	5,307	5,880	9.8%
Information and cultural industries	3,060	3,335	8.2%
Wholesale and retail trade	9,211	9,833	6.3%
Finance, insurance and real estate and leasing	18,483	20,633	10.4%
Business services	11,179	12,124	7.8%
Personal services	4,689	5,135	8.7%
Non-commercial services	8,796	9,652	8.9%
Public administration and defence	3,021	3,156	4.3%
All Industries	117,822	129,791	9.2%

Source: The Conference Board of Canada

Labour Demand



ICT is outpacing all job growth by 4:1. Canada will need to fill 182,000 ICT professional positions by 2019 (17,300 for Alberta).

- ICTC, Labour Market Outlook, 2015-2019



Finance, Insurance, Real Estate and Leasing will grow by 1.6% annually, reaching 4.8% of total employment in 2019 and gain 68,100 jobs by 2024.

- Government of Alberta, 2016; Statistics Canada, 2016



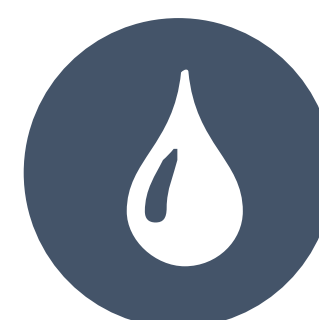
Manufacturing accounts for 6.1% of total employment in Alberta, employment will grow by 1.1% annually and account for 6.5% of total employment by 2019.

- Government of Alberta, 2016



The **Logistics** sector in Alberta will grow by about 7,470 workers from 2016 to 2025.

- APGC, 2016



Oil and Gas will have 28,025 to 36,240 net hiring requirements in Canada from 2017 to 2020.

- PETROLMI/ENFORM, 2016



Clean Tech (including Renewables) will employ anywhere from 76,000 to 100,000 Canadians directly by 2022, up from 55,600 jobs in 2014.

- Analytica Advisors, 2016



Agriculture will need to fill 23,300 potential jobs in Alberta by 2025.

- AgriLMI CAHRC, 2016

Trends



IoT is growing estimated in the next few years will grow from 5 to 50 billion connected devices.



The **Logistics** sector is becoming more technical, nimble and targeted.



Food and Beverage manufacturing represented approx. 15% of FDI into Canada in 2015.

Beef was Alberta's second largest export by value in 2015 and grew by 18%

Lentil exports grew 139%

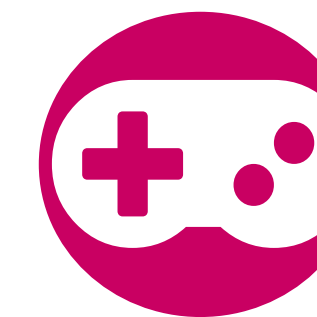
Vegetable and fruit preparations 134%



Clean Tech (including Renewables)

Oil and gas will continue to expand with growing demand to reduce carbon emissions.

Cost of renewables is declining and installations continue to expand.



Film, Television and Digital Media

Since 2009 BC has grown from \$1.18 to \$1.91 billion while Alberta grew from \$179 to \$307 million.

In one year from 2013 to 2014 VFX and Animation in BC grew from \$249 to \$380 million

Building on our energy: 10-year Economic Strategy for Calgary



global energy
Calgary is an undisputed global energy centre. Our international reputation attracts new people, investment and business as we strengthen the energy value chain.



innovative energy
Calgary fosters a culture of innovation where problems are solved through a systems approach, harnessing the power of technology.



community energy
Calgary is a vibrant urban and prosperous community that offers people-friendly neighbourhoods, diverse housing and inspirational spaces.



entrepreneurial energy
Calgary is a magnet for businesses fostering pathways to purposeful economic diversification and growth.



people energy
Calgary embraces social inclusion and shared prosperity.



collaborative energy
Calgary is the best place to live in Canada, with strong collaboration between public, private and non-profit sector partners.

Opportunity Calgary



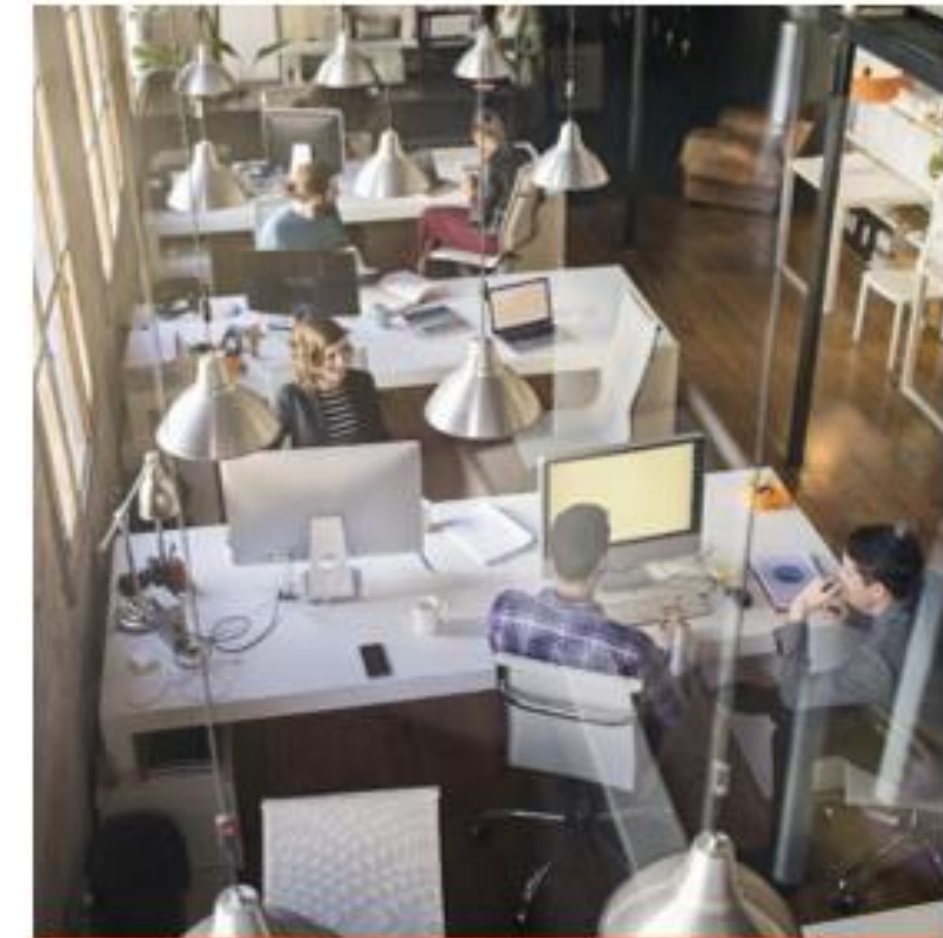
**Accelerating
Diversification**



**Telling the
Calgary Story**

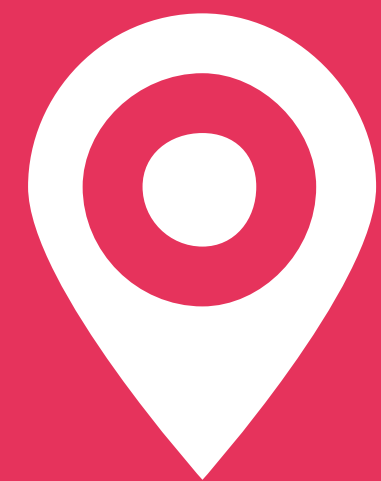


**Calgary's
Talent Hub**



**Downtown
Vacancy**

Why Calgary



**Built-in
Incentives,
Competitive
Tax Rates**



**Favourable
Real Estate
Market**



**High
Quality
Talent**



**Enviably
Lifestyle**

Taxes Across Canada



Competitive Tax Environment

	Vancouver / British Columbia	Edmonton / Alberta	Calgary / Alberta	Saskatoon / Saskatchewan	Winnipeg / Manitoba	Toronto / Ontario	Ottawa / Ontario	Montreal / Quebec
2016 Total Effective Tax Rates (City Level)	35.3%	29.3%	30.1%	31.9%	36.3%	34.1%	37.7%	41.3%
Provincial Sales Tax	7%	0%	0%	6%**	8%	8%	8%	9.975%
2016 Provincial Personal Income Tax	5.06% - 14.7%	10% - 15%	10% - 15%	11% - 15%	10.8% - 17.4%	5.05% - 13.16%	5.05% - 13.16%	16% - 25.75%
2017 Provincial Corporate Income Tax (General)	11.0%	12.0%	12.0%	11.5%**	12.0%	11.5%	11.5%	11.8%
2017 Provincial Corporate Income Tax (Small Business)	2.0%**	2.0%	2.0%	2.0%	0.0%	4.5%	4.5%	8.0%
2016 Provincial Payroll Tax (Employer Health Premiums)	0%	0%	0%	0%	2.15% to 4.3%	0.98% - 1.95%	0.98% - 1.95%	2.7% - 4.26%
2016 Local, Provincial & Federal Gasoline Tax	42.17¢/L	23¢/L	23¢/L	25¢/L	24¢/L	24.7¢/L	24.7¢/L	33.2¢/L
2017 Carbon Pricing* (per tonne of emissions)	\$30	\$20	\$20			\$18	\$18	\$18
2016 Land Transfer Tax	1% - 2%	0%	0%	0% - 0.3%	0% - 2%	0.5% - 2%	0.5% - 2%	0.5% - 3.5%
2016 Health Care Premiums	\$0 - \$150	\$0	\$0	\$0	\$0	\$0 - \$900	\$0 - \$900	\$0 - \$660

*Ontario and Quebec have cap and trade systems. Source: Trevor Tombe, UCSPP & Maclean's, December 2016

**As per Government of British Columbia Budget 2017 effective April 1, 2017 and Government of Saskatchewan Budget 2017 effective July 1, 2017.
Sources: Revenue Canada, Government of Alberta, Government of British Columbia, Government of Ontario, Government of Quebec, Government of Saskatchewan, 2016 KPMG Competitive Alternatives: Focus on Tax Report; pwc Tax Facts and Figures, Canada 2016

Post-Secondary STEM Completions



STEM programs account for **27 percent** of all bachelors degree or higher program completions in Calgary



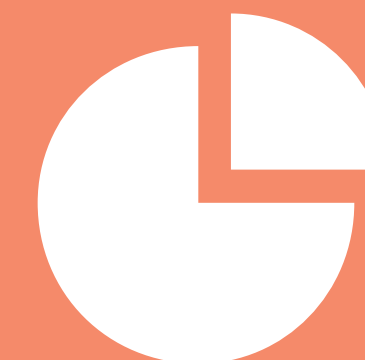
1,260
science
completions



105
technology
completions



1,862
engineering &
engineering
technology
completions



476
mathematics &
computer
science
completions

Calgary's Competitiveness



- Calgary ranks **5th most livable city.**
- Calgary ranked in the global **Top 10 Most Attractive Cities for Workers.**
- 21 per cent of Calgary post-secondary completions are in **STEM programs.**
- Calgary has the highest **labour force productivity** of major Canadian cities.
- 26.2 per cent of Calgary's population are **immigrants.**
- Canada ranks **1st in Business Environment** of the G7 Countries.
- Calgary ranks **3rd in Marginal Effective Tax Rate on Capital Investment.**
- Calgary ranks **3rd in Housing Affordability.**
- In 2015, Calgary had the **highest research and development expenditures** among its Canadian peers: \$826 per capita.
- **Lowest downtown office Class A** net rental rates compared to other markets.
- **Highest head office** concentration of major cities in Canada.
- Alberta is the **3rd largest exporter of agri-food products in Canada.**

Thank you



cellingson@calgaryeconomicdevelopment.com

Facebook.com/calgaryeconomic

Twitter.com/calgaryeconomic

Youtube.com/calgaryeconomic

LinkedIn.com/calgaryeconomic