

Calgary Economic Development

INDUSTRY REPORT: REAL ESTATE AND RENTAL AND LEASING

January 2008

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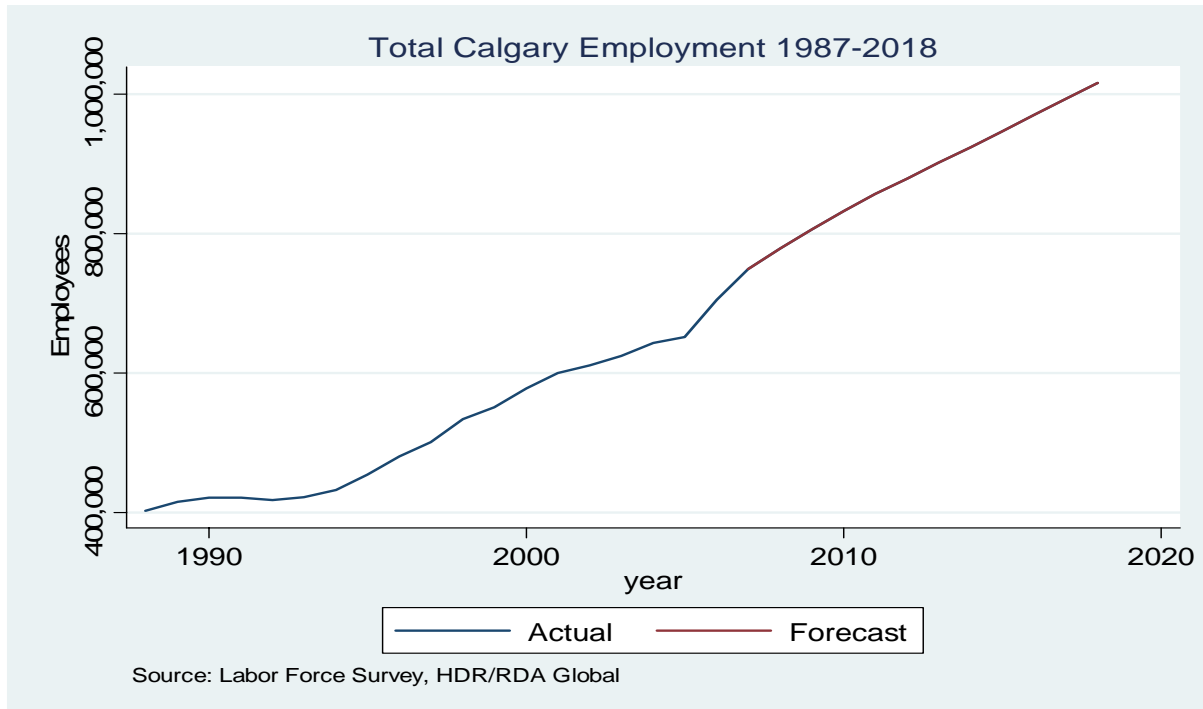
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Figure 1: Total Calgary Employment Forecast (All Industries)



The Calgary economy has seen tremendous growth in labour demand over the previous decade with employment growth reaching an all-time high of 8.1%¹ in 2006. The recent strong growth in the Calgary economy has been driven by a combination of economic factors spurring growth in specific sectors and generally throughout the Calgary economy. Energy prices are a significant driver with West Texas Intermediate oil price rising 17%² in 2006. Investment levels in major construction projects have risen significantly compared to historical levels. Housing starts have risen from 13,700³ starts in 2005 to 17,000 starts in 2006, an increase of 25%. Calgary GDP grew at 7.7% in 2006.

Recent increases in employment levels have been highest in sectors of the Calgary economy which are related to energy, in particular in the professional services sector. However, overall growth has been relatively balanced among industries with significant growth in most sectors of the economy.

As Figure 1 shows, labour demand in the Calgary Economic Region is expected to continue to grow at a healthy rate throughout the forecast, albeit at a lower, more sustainable level. The overall growth in employment in Calgary is expected to decline over the next several years settling at a more sustainable long-term employment growth rate of 2.4%, in line with historical average growth. However, this lower growth rate will continue to result in strong job creation. Over the previous ten years (1996-2006) Calgary employment increased adding 224,000 new

¹ Source: Labor Force Survey

² Source: US Energy Information Administration

³ Source for housing starts statistics and Metro GDP at basic prices was the Conference Board of Canada

jobs. Over the ten year forecast period (2007-2017) Calgary employment growth will result in the creation of an additional 244,000 new jobs. This growth in the Calgary economy will be driven by a number of factors including expectations that oil prices will remain at or near historically high levels. Energy prices are expected to be volatile in the near term, with possible spikes in prices, partially due to the declining value of the US dollar. However, for the long-term forecast, an average annual 1.7% growth rate in oil prices has been forecasted, which is consistent with conservative expectations of energy analysts⁴. Calgary GDP growth will moderate to a strong long term compound annual real growth rate of 3.8%.

Figure 2 Calgary Job Creation in Each Industry

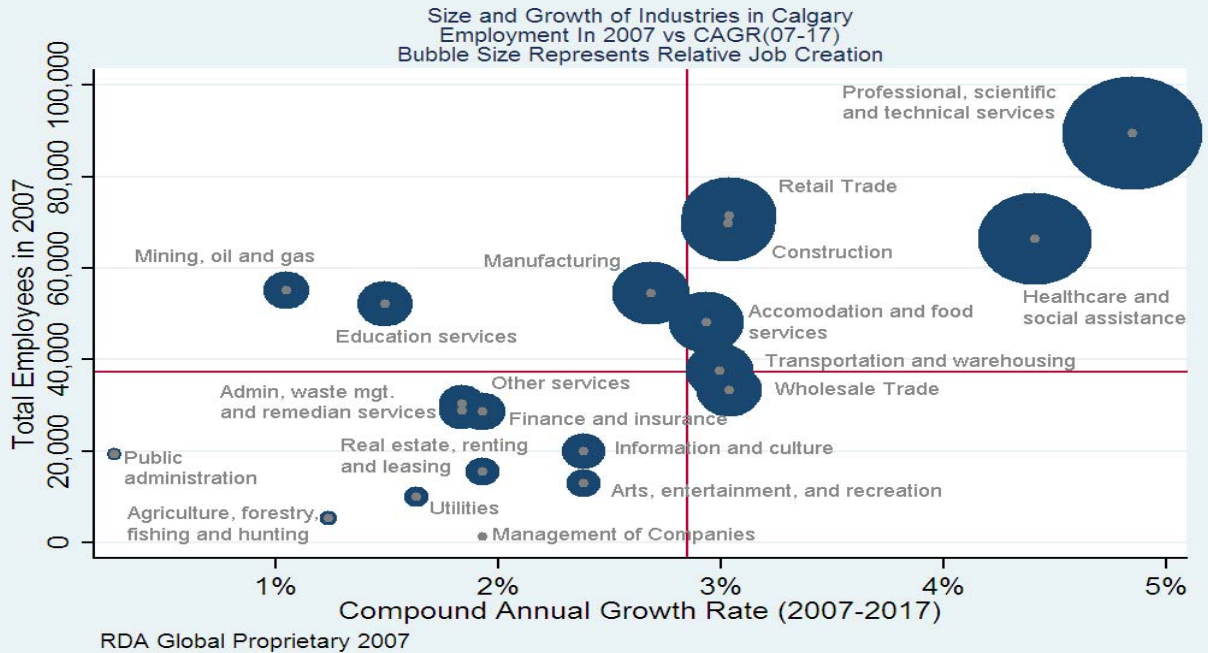


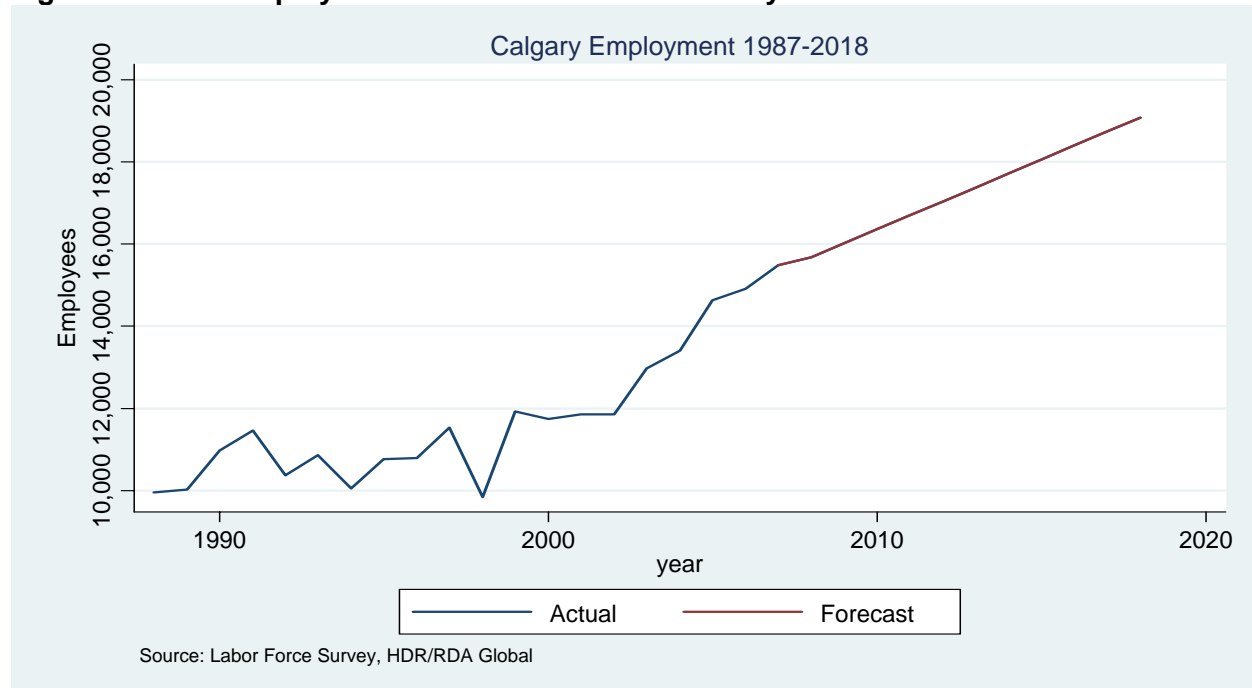
Figure 2 highlights the differences in job creation across industries in Calgary, with the larger circles representing industries with more job creations. Significant gains in employment will be somewhat distributed among economic sectors. However, there will be particularly strong expansion in the professional services sector, which is tied to continued demand for technical and engineering services in the energy sector. There will also be strong job growth in healthcare, driven by overall population growth and growth in the older segments of the population. Job expansion will also continue to be robust in retail, construction, accommodation & food services, transportation, manufacturing, and wholesale. Population growth is expected to drive up demand for education services. Most segments of the economy are expected to continue to see positive growth with employment growth rates in the 1% to 2.5% long-term growth range. However, total job creation in niche industries will be constrained by the relatively smaller size of these segments.

⁴ In development of this forecast, oil price forecasts of the Energy Information Administration and Sproule and Associates were consulted, however, final assumptions in the forecast model were based on a nominal annual growth rate of 1.7%.

REAL ESTATE, RENATAL AND LEASING INDUSTRY

The Real Estate industry is expected to continue to expand at a compound annual growth rate of 1.9% over the next ten years. This will grow below the overall employment growth in Calgary of 2.9% over the forecast period. Growth in the industry will result in an additional 3,200 jobs added to the industry over the forecast period.

Figure 3: Total Employment in the Real Estate Industry 1987-2018



The Real Estate industry ranks sixteenth out of twenty industries in total employment. Historically, employment growth in this industry has been lower than that of the region and will continue to grow below the overall regional growth. In terms of jobs created, the industry ranked fifteenth over the 1997-2007 period, creating about 3,900 jobs. The industry will move down to become the sixteenth largest contributor to job creation in the 2007-2017 forecast period, creating nearly 3,300 new jobs.

Table 1: Real Estate Industry Compared with Other Industries

NAICS Industry	Total Employment				Compound Annual Growth			Jobs Added		
	1987	1997	2007	2017	1987-97	1997-07	2007-17	1987-97	1997-07	2007-17
11 Agriculture, forestry, fishing and hunting	10,357	8,230	5,262	5,951	-2.3%	-4.4%	1.2%	(2,127)	(2,968)	689
21 Mining and oil and gas extraction	34,043	32,970	55,092	61,154	-0.3%	5.3%	1.0%	(1,073)	22,122	6,062
22 Utilities	4,700	3,800	9,881	11,621	-2.1%	10.0%	1.6%	(900)	6,081	1,740
23 Construction	21,500	36,600	69,847	94,177	5.5%	6.7%	3.0%	15,100	33,247	24,331
31-33 Manufacturing	30,500	42,900	54,380	70,890	3.5%	2.4%	2.7%	12,400	11,480	16,510
41 Wholesale trade	21,375	22,041	33,228	44,815	0.3%	4.2%	3.0%	666	11,187	11,586
44-45 Retail trade	46,025	47,459	71,546	96,493	0.3%	4.2%	3.0%	1,434	24,087	24,948
48-49 Transportation and warehousing	21,300	30,400	37,452	50,295	3.6%	2.1%	3.0%	9,100	7,052	12,844
51 Information and cultural industries	11,317	16,489	19,961	25,271	3.8%	1.9%	2.4%	5,172	3,472	5,310
52 Finance and insurance	16,662	21,266	28,538	34,543	2.5%	3.0%	1.9%	4,603	7,272	6,006
53 Real estate and rental and leasing	9,038	11,534	15,479	18,736	2.5%	3.0%	1.9%	2,497	3,944	3,258
54 Professional, scientific and technical services	27,200	43,700	89,591	143,873	4.9%	7.4%	4.9%	16,500	45,891	54,282
55 Management of companies and enterprises	501	879	1,169	1,415	5.8%	2.9%	1.9%	378	289	246
56 Admin & support, waste mgmt & remediation svcs.	11,299	19,821	28,790	34,543	5.8%	3.8%	1.8%	8,522	8,969	5,753
61 Educational services	23,800	31,900	52,154	60,488	3.0%	5.0%	1.5%	8,100	20,254	8,334
62 Health care and social assistance	33,700	43,200	66,471	102,326	2.5%	4.4%	4.4%	9,500	23,271	35,855
71 Arts, entertainment and recreation	7,283	10,611	12,845	16,262	3.8%	1.9%	2.4%	3,328	2,234	3,417
72 Accommodation and food services	20,200	32,100	48,100	64,248	4.7%	4.1%	2.9%	11,900	16,000	16,148
81 Other services (except public administration)	17,800	21,900	30,408	36,484	2.1%	3.3%	1.8%	4,100	8,508	6,076
91 Public administration	21,200	22,900	19,176	19,712	0.8%	-1.8%	0.3%	1,700	(3,724)	536
Grand Total	389,800	500,700	749,368	993,298	2.5%	4.1%	2.9%	110,900	248,668	243,930

JOBS CREATED BY OCCUPATION – REAL ESTATE INDUSTRY

Figure 4: Total Jobs by Occupation 2007 and 2017 – Real Estate Industry

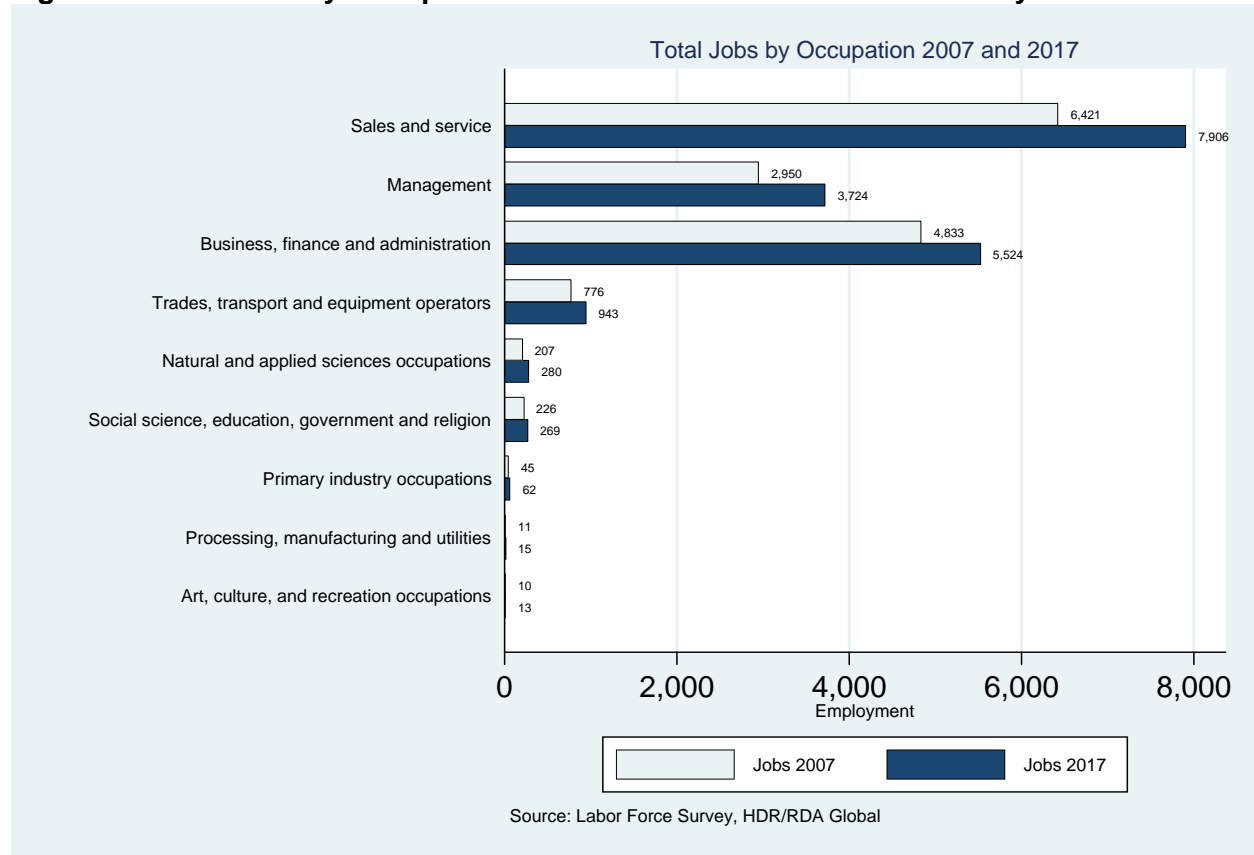


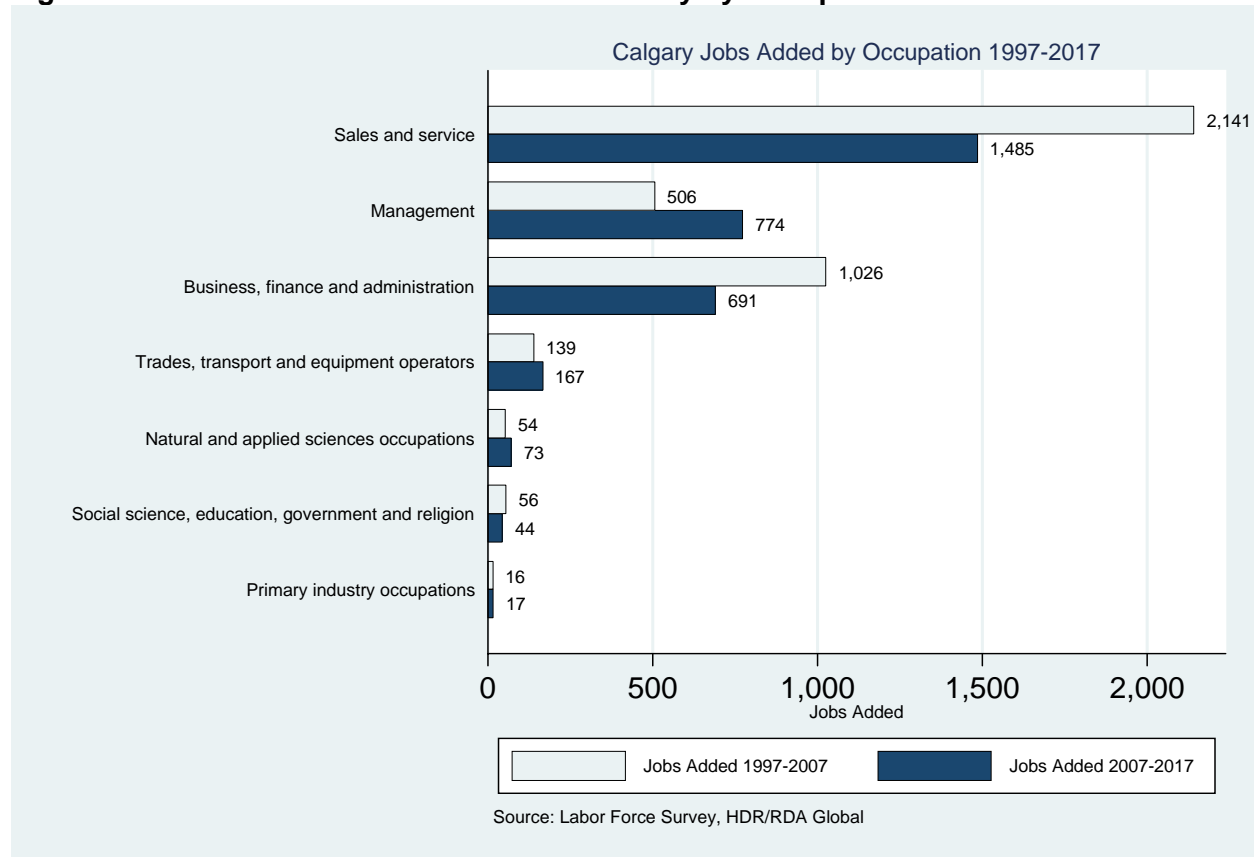
Table 2: 30-Year Occupational Growth for the Real Estate Industry

Occupation (1 Digit NOC)	Total Employees				Compound Annual Growth		
	1987	1997	2007	2017	1987-97	1997-07	2007-17
A Management occupations	1,572	2,444	2,950	3,724	1.2%	2.4%	1.3%
B Business, finance and administration occupations	3,380	3,807	4,833	5,524	1.2%	2.4%	1.3%
C Natural and applied sciences and related occupations	112	154	207	280	3.2%	3.1%	3.0%
E Occupations in social science, education, government service and religion	126	169	226	269	3.0%	2.9%	1.8%
F Occupations in art, culture, recreation and sport	6	8	10	13	2.8%	1.6%	2.6%
G Sales and service occupations	3,316	4,280	6,421	7,906	2.6%	4.1%	2.1%
H Trades, transport and equipment operators and related occupations	506	637	776	943	2.3%	2.0%	2.0%
I Occupations unique to primary industry	13	29	45	62	8.6%	4.5%	3.3%
J Occupations unique to processing, manufacturing and utilities	5	6	11	15	1.4%	5.7%	3.5%
Grand Total	9,038	11,534	15,479	18,736	2.5%	3.0%	1.9%

There are nearly 15,500 employees in the Real Estate industry today. About 6,400 of these workers have sales and service occupations, representing the largest share of occupations. Demand for these jobs will rise to about 7,900 workers over the forecast period. The next largest occupational category is business, finance, and administration jobs, which currently employ about 4,800 workers and will employ about 5,500 workers in 2017. Management

occupations are the third largest category with 2,950 employees today growing to about 3,700 workers in 2017.

Figure 5: Jobs Added in the Real Estate Industry by Occupation



About 40% of all jobs created in this industry will be sales and service occupations, a total of about 1,500 new jobs by 2017. The industry will generate about 775 jobs for workers in management occupations and about 700 jobs for workers in business and finance occupations.

Table 3: Ten-Year Forecast of Jobs by Major Occupational Group – Real Estate Industry

Occupation (1 Digit NOC)	Annual Employment											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
A Management occupations	2,787	2,950	3,030	3,162	3,238	3,310	3,380	3,455	3,521	3,588	3,655	3,724
B Business, finance and administration occupations	4,686	4,833	4,882	5,015	5,083	5,148	5,221	5,297	5,356	5,413	5,468	5,524
C Natural and applied sciences and related occupations	214	207	215	227	230	233	241	250	257	264	272	280
E Occupations in social science, education, government service and religion	220	226	227	231	234	239	243	248	254	259	264	269
F Occupations in art, culture, recreation and sport	10	10	9	10	10	11	11	11	12	12	12	13
G Sales and service occupations	6,200	6,421	6,488	6,515	6,688	6,859	7,024	7,175	7,357	7,541	7,724	7,906
H Trades, transport and equipment operators and related occupations	738	776	774	800	814	829	846	867	886	905	924	943
I Occupations unique to primary industry	46	45	46	49	50	52	54	56	57	59	61	62
J Occupations unique to processing, manufacturing and utilities	10	11	11	11	12	12	13	13	14	14	14	15
Grand Total	14,910	15,479	15,682	16,021	16,358	16,692	17,032	17,373	17,714	18,055	18,396	18,736

Table 4: Top 50 Occupations Adding Jobs From 2007-2017⁵

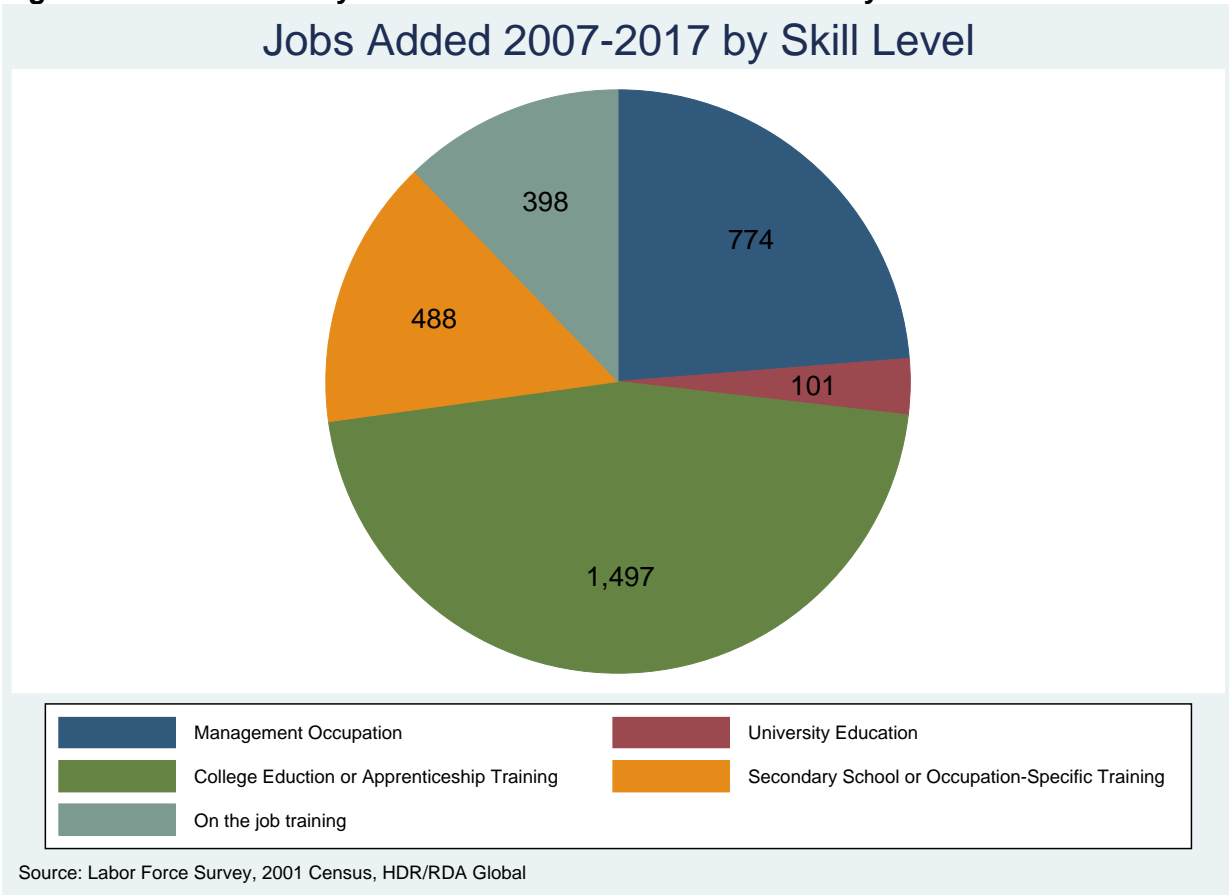
Rank	Occupation (4 Digit NOC)	Employees				Jobs Created
		1987	1997	2007	2017	2007-2017
1	G132 Real estate agents and salespersons	1,451	1,973	3,233	4,024	791
2	A301 Insurance, real estate and financial brokerage managers	883	1,392	1,685	2,185	500
3	B314 Property administrators	1,474	1,568	1,850	2,173	323
4	G933 Janitors, caretakers and building superintendents	620	786	1,030	1,286	256
5	G211 Retail salespersons and sales clerks	656	793	1,133	1,350	217
6	A211 Retail trade managers	296	463	562	690	128
7	B511 General office clerks	216	253	370	422	53
8	B311 Administrative officers	324	344	401	447	46
9	A141 Facility operation and maintenance managers	101	159	191	236	46
10	B531 Accounting and related clerks	189	222	327	372	45
11	B553 Customer service, information and related clerks	152	178	265	307	42
12	B011 Financial auditors and accountants	189	311	435	476	42
13	G983 Other elemental service occupations	106	134	178	219	41
14	G631 Security guards and related occupations	95	104	149	187	38
15	E033 Business development officers and marketing researchers and consultants	97	125	168	204	36
16	G011 Retail trade supervisors	98	118	169	201	32
17	G111 Sales representatives, wholesale trade (non-technical)	72	98	162	194	32
18	H421 Automotive service technicians, truck mechanics and mechanical repairers	71	85	116	148	31
19	B115 Assessors, valuers and appraisers	133	142	168	196	28
20	C142 Electronic service technicians (household and business equipment)	36	49	66	94	28
21	A131 Sales, marketing and advertising managers	69	108	129	156	27
22	B211 Secretaries (except legal and medical)	181	192	223	250	27
23	A111 Financial managers	53	83	99	123	24
24	G932 Specialized cleaners	49	62	82	105	24
25	C181 Computer and network operators and web technicians	32	43	59	80	21
26	H412 Heavy-duty equipment mechanics	44	53	75	94	19
27	G015 Cleaning supervisors	45	57	73	92	19
28	H221 Stationary engineers and auxiliary equipment operators	66	79	108	127	19
29	H714 Delivery and courier service drivers	68	80	86	104	18
30	H812 Material handlers	46	79	79	95	16
31	H711 Truck drivers	55	65	72	87	16
32	B312 Executive assistants	82	88	101	115	14
33	B315 Purchasing agents and officers	59	62	75	88	14
34	G931 Light duty cleaners	47	59	77	90	14
35	A013 Senior managers - Financial, communications and other business services	89	108	131	144	13
36	C182 User support technicians	23	32	43	56	13
37	G311 Cashiers	35	43	61	72	12
38	A361 Other services managers	22	34	40	51	12
39	B514 Receptionists and switchboard operators	113	133	193	203	11
40	B014 Other financial officers	26	43	61	71	10
41	B541 Administrative clerks	57	67	98	108	10
42	B522 Data entry clerks	34	40	61	70	9
43	E211 Paralegal and related occupations	29	44	58	66	8
44	I212 Landscaping and grounds maintenance labourers	7	15	23	31	8
45	A114 Other administrative services managers	19	29	35	43	8
46	H111 Plumbers	25	33	38	45	8
47	B111 Bookkeepers	83	88	102	109	7
48	A222 Accommodation service managers	21	33	39	46	7
49	H121 Carpenters	31	40	45	52	7
50	G121 Technical sales specialists, wholesale trade	13	17	28	34	6
	Others	258	329	430	515	85
	Grand Total	9,038	11,534	15,479	18,736	3,258

⁵ Note that these job creations in Figure 6 capture only jobs created in the Real Estate industry and do not represent total job creations for all of Calgary. Jobs with these occupations will also be created in other industries.

EMPLOYMENT GROWTH BY SKILL LEVEL – REAL ESTATE INDUSTRY

From a skill level perspective, there will be about 775 new management occupations, 1,500 jobs requiring some college education or apprenticeship training, about 500 jobs which require secondary school or occupation-specific training, 100 that require university training and about 400 that require only on the job training

Figure 6: Jobs Added by Skill Level in the Real Estate Industry



APPENDIX 1: INDUSTRY DEFINITION – REAL ESTATE INDUSTRY

This sector comprises establishments primarily engaged in renting, leasing or otherwise allowing the use of tangible or intangible assets. Establishments primarily engaged in managing real estate for others; selling, renting and/or buying of real estate for others; and appraising real estate, are also included.