

Calgary Economic Development

KEY SECTOR REPORT: FINANCIAL SERVICES

January 2008

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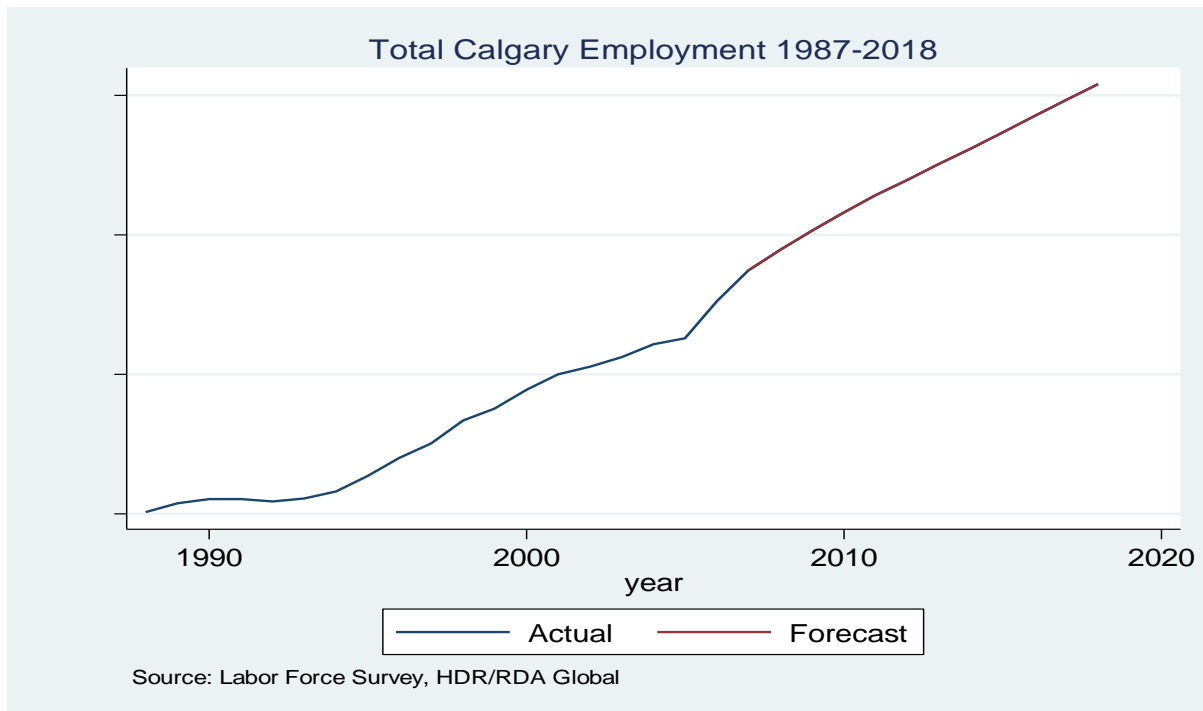
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CALGARY LABOR MARKET

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

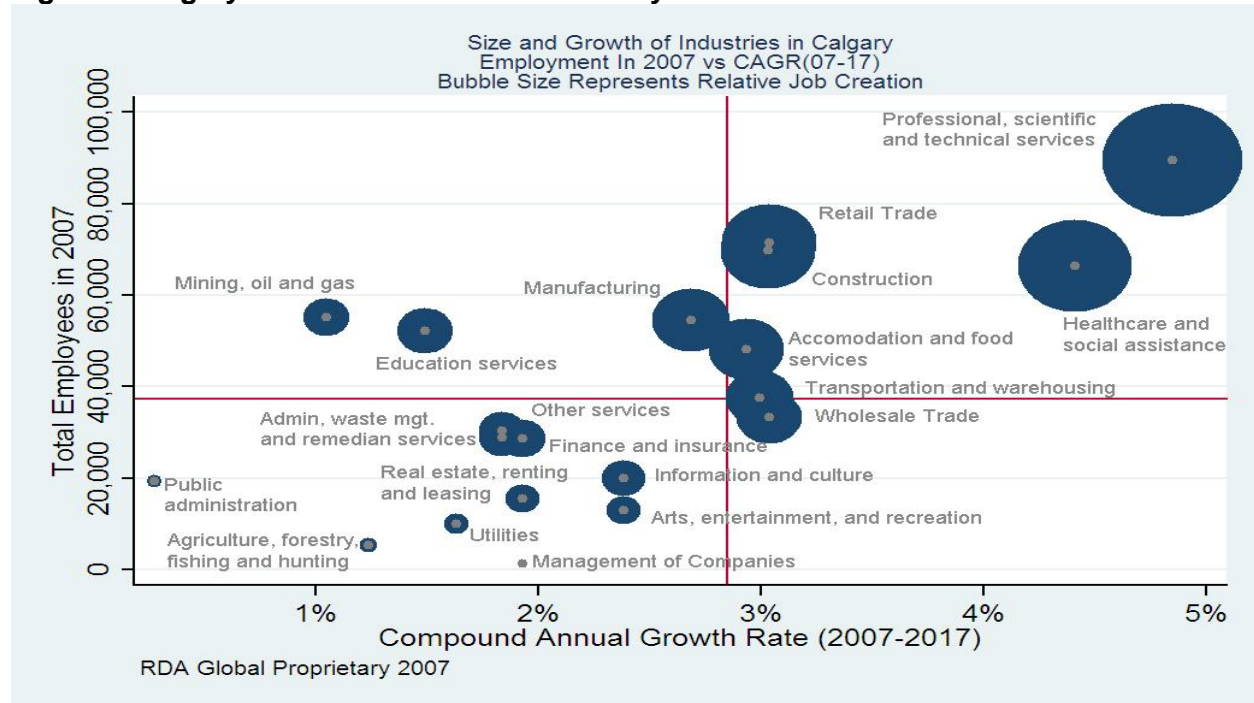


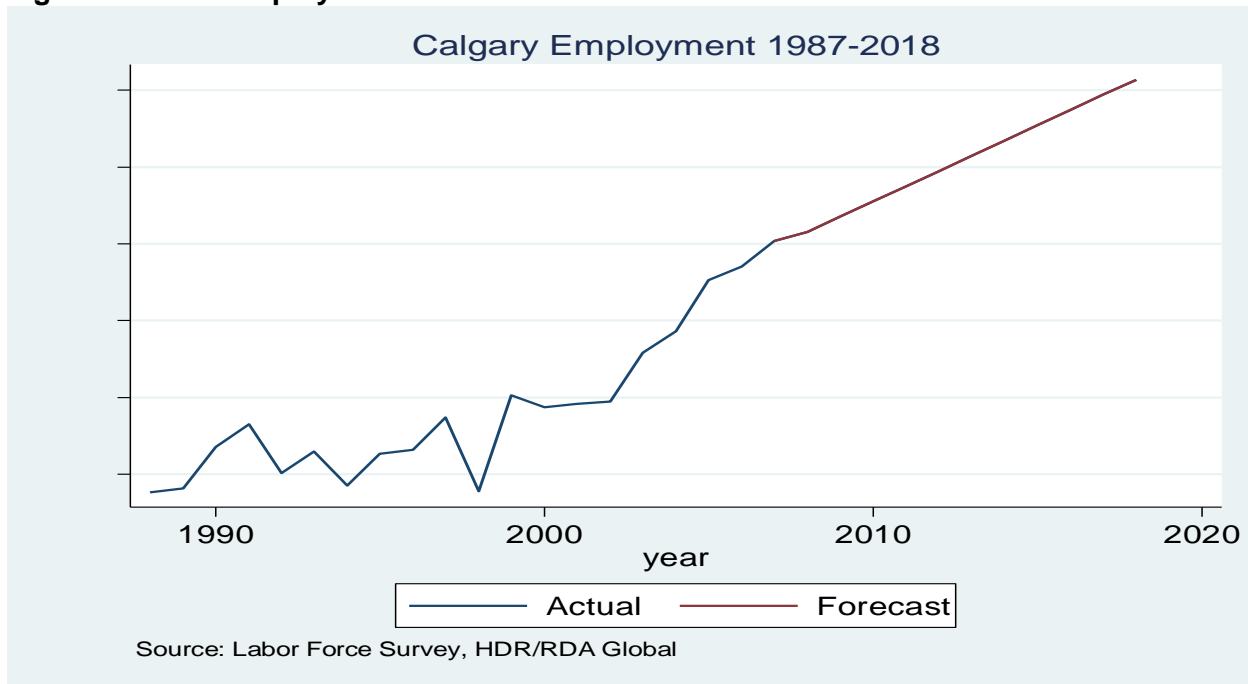
Figure 2 highlights the differences in job creation across industries in Calgary, with the larger circles representing industries with more job creations. Significant gains in employment will be somewhat distributed among economic sectors. However, there will be particularly strong expansion in the professional 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%.

FINANCIAL SERVICES KEY SECTOR

The Financial Services sector is expected to continue to expand at a compound annual growth rate of 1.9% over the next ten years. This sector will grow slightly below the overall employment growth in Calgary of 2.9% over the same forecast period. Growth in the key sector will result in an additional 9,500 jobs added to the sector over the forecast period.

Figure 3: Total Employment in the Financial Services Sector 1987-2018



The Financial Services sector ranks seventh out of nine for total employment among the Calgary Economic Development Key Sectors. Historically, growth in this sector has underperformed that of the region. In terms of jobs created, the sector ranked seventh over the 1997-2007 period, creating over 11,500 jobs. The sector will maintain seventh place as a contributor to job creation in the 2007-2017 forecast period, creating over 9,500 new jobs.

Table 1: Financial Services Sector Compared with Other CED Key Sectors

Key Sector	Total Employment				Compound Annual Growth			Jobs Added		
	1987	1997	2007	2017	1987-97	1997-07	2007-17	1987-97	1997-07	2007-17
Creative Industries	19,048	29,408	51,459	78,309	4.4%	5.8%	4.3%	10,360	22,050	26,850
Energy	37,811	36,371	63,148	70,909	-0.4%	5.7%	1.2%	(1,440)	26,777	7,762
Film	1,949	2,837	3,438	4,354	3.8%	1.9%	2.4%	889	600	917
Financial Services	26,201	33,679	45,185	54,695	2.5%	3.0%	1.9%	7,478	11,506	9,509
Health & Wellness	47,734	68,830	116,345	177,895	3.7%	5.4%	4.3%	21,096	47,515	61,550
ICT	17,724	26,373	40,273	57,709	4.1%	4.3%	3.7%	8,649	13,900	17,435
Manufacturing	30,500	42,900	54,380	70,890	3.5%	2.4%	2.7%	12,400	11,480	16,510
Professional Services	24,200	39,494	76,610	118,726	5.0%	6.9%	4.5%	15,294	37,116	42,116
Transportation & Logistics	39,762	49,062	65,958	88,751	2.1%	3.0%	3.0%	9,300	16,896	22,793
Other (Not a Key Sector)	191,766	243,914	359,958	465,549	2.4%	4.0%	2.6%	52,148	116,044	105,591
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 – FINANCIAL SERVICES KEY SECTOR

Figure 4: Total Jobs by Occupation 2007 and 2017 – Financial Services Sector

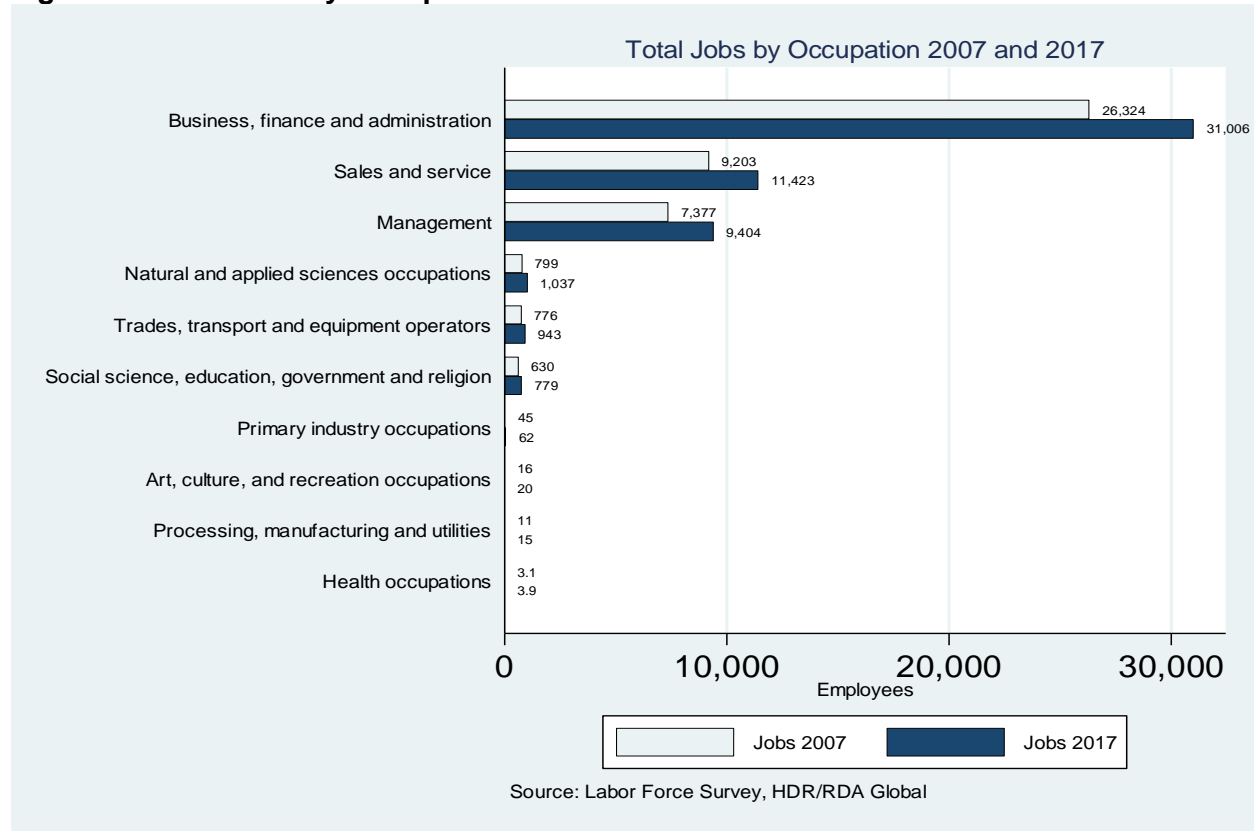


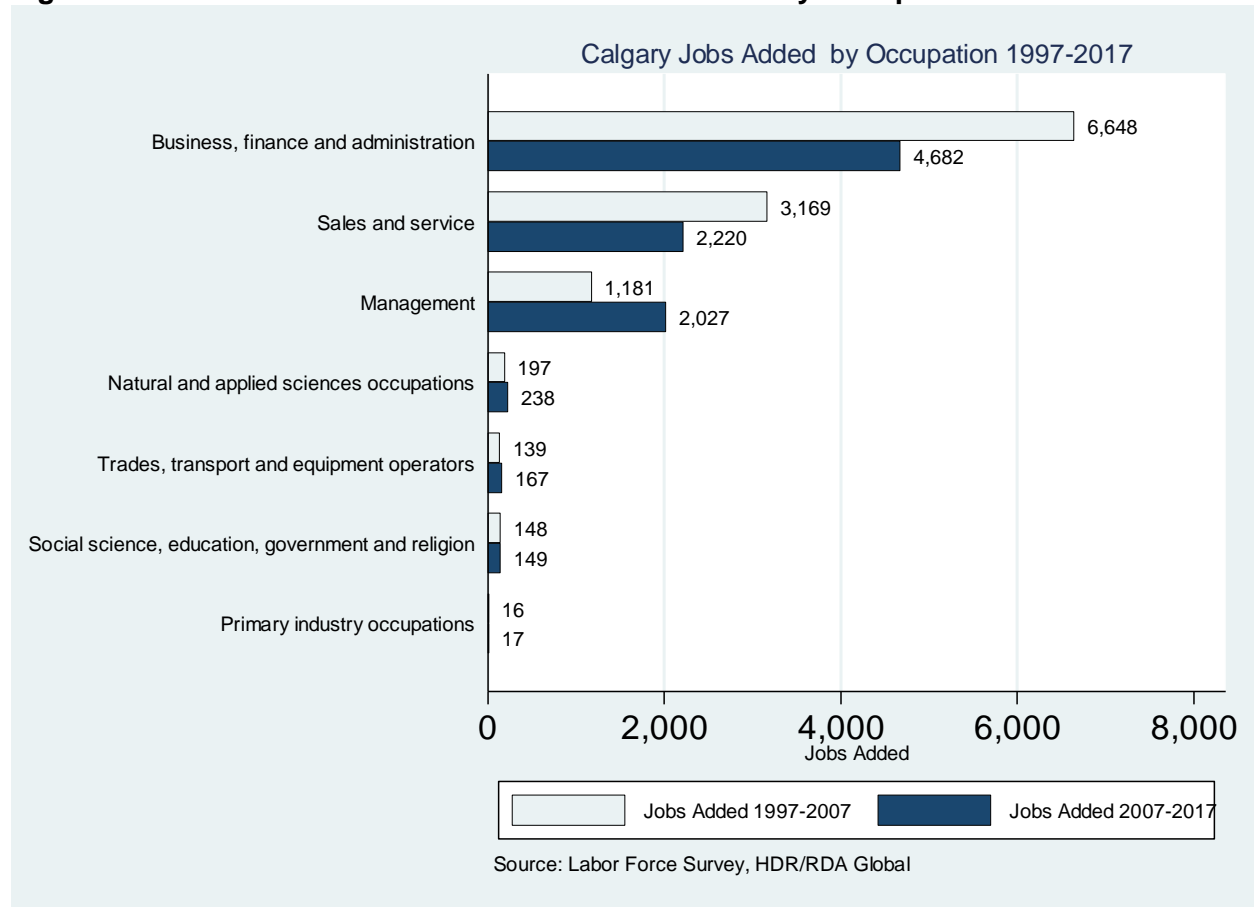
Table 2: 30-Year Occupational Growth for the Financial Services Sector

Occupation (1 Digit NOC)	Total Employees				Compound Annual Growth		
	1987	1997	2007	2017	1987-97	1997-07	2007-17
A Management occupations	4,035	6,196	7,377	9,404	1.9%	3.0%	1.7%
B Business, finance and administration occupations	16,243	19,676	26,324	31,006	1.9%	3.0%	1.7%
C Natural and applied sciences and related occupations	451	603	799	1,037	3.0%	2.9%	2.6%
D Health occupations	1	2	3	4	3.9%	5.1%	2.4%
E Occupations in social science, education, government service and religion	336	483	630	779	3.7%	2.7%	2.1%
F Occupations in art, culture, recreation and sport	10	13	16	20	2.7%	1.6%	2.7%
G Sales and service occupations	4,601	6,034	9,203	11,423	2.7%	4.3%	2.2%
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	26,201	33,679	45,185	54,695	2.5%	3.0%	1.9%

There are nearly 45,200 employees in the Financial Services sector today. Of these workers about 26,300 have business, finance and administration occupations, representing the largest share of workers. Demand for these jobs will rise to about 31,000 over the forecast period. The next largest occupational category is sales and service jobs, which currently employ about 9,200 workers and will employ about 11,400 workers in 2017. Management occupations is the

third largest category with nearly 7,400 employees today growing to about 9,400 workers in 2017.

Figure 5: Jobs Added in the Financial Services Sector by Occupation



Almost 60% of all jobs created in this sector will be business, finance and administration occupations, a total of about 5,000 new jobs by 2017. The sector will generate about 2,200 jobs for workers in sales and service occupations and about 2,100 jobs for workers in management occupations.

Table 3: Ten-Year Forecast of Jobs by Major Occupational Group – Financial Services Sector

Occupation (1 Digit NOC)	Annual Employment											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
A Management occupations	6,996	7,377	7,542	7,815	8,014	8,212	8,407	8,612	8,807	9,005	9,203	9,404
B Business, finance and administration occupations	25,425	26,324	26,638	27,241	27,737	28,213	28,702	29,193	29,655	30,109	30,559	31,006
C Natural and applied sciences and related occupations	818	799	816	849	859	870	897	927	952	977	1,007	1,037
D Health occupations	3	3	3	3	3	3	3	3	3	4	4	4
E Occupations in social science, education, government service and religion	621	630	628	640	650	664	681	700	718	738	758	779
F Occupations in art, culture, recreation and sport	15	16	15	16	16	17	17	18	18	19	20	20
G Sales and service occupations	8,854	9,203	9,306	9,341	9,598	9,855	10,100	10,325	10,598	10,874	v	11,423
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	43,526	45,185	45,778	46,767	47,753	48,727	49,719	50,714	51,709	52,704	53,699	54,695

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

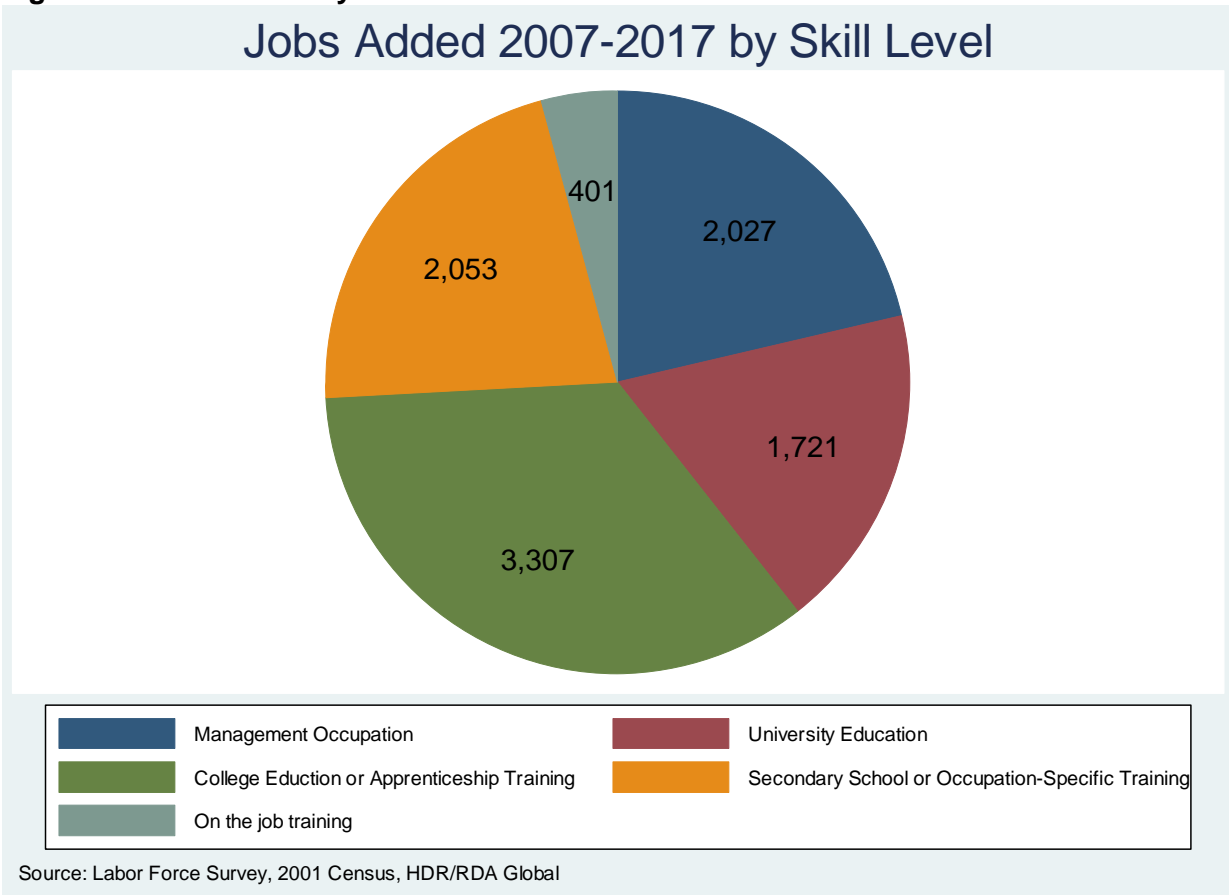
Rank	Occupation (4 Digit NOC)	Employees				Jobs Created
		1987	1997	2007	2017	2007-2017
1	G132 Real estate agents and salespersons	1,470	2,000	3,276	4,078	802
2	A302 Banking, credit and other investment managers	1,266	1,939	2,300	3,020	721
3	A301 Insurance, real estate and financial brokerage managers	1,236	1,941	2,333	3,040	707
4	G131 Insurance agents and brokers	1,089	1,513	2,434	3,104	670
5	B533 Customer service representatives - Financial services	1,756	2,021	2,964	3,596	632
6	B014 Other financial officers	1,535	2,335	3,249	3,875	626
7	B013 Securities agents, investment dealers and brokers	990	1,441	1,988	2,446	458
8	B534 Banking, insurance and other financial clerks	1,063	1,220	1,790	2,171	381
9	B314 Property administrators	1,557	1,671	1,972	2,325	353
10	G933 Janitors, caretakers and building superintendents	623	790	1,034	1,291	257
11	G211 Retail salespersons and sales clerks	764	922	1,311	1,557	245
12	B113 Insurance adjusters and claims examiners	842	922	1,072	1,305	233
13	B112 Loan officers	889	929	1,090	1,317	227
14	B511 General office clerks	883	1,023	1,467	1,689	222
15	B012 Financial and investment analysts	592	879	1,206	1,427	222
16	A111 Financial managers	428	659	771	966	196
17	B114 Insurance underwriters	705	773	895	1,081	186
18	B011 Financial auditors and accountants	627	1,048	1,449	1,620	171
19	B531 Accounting and related clerks	541	649	945	1,089	144
20	A211 Retail trade managers	333	520	628	769	141
21	B412 Supervisors, finance and insurance clerks	423	485	701	838	136
22	B311 Administrative officers	836	887	1,020	1,144	124
23	B553 Customer service, information and related clerks	425	494	720	827	107
24	E033 Business development officers and marketing researchers and consultants	222	307	405	512	106
25	B211 Secretaries (except legal and medical)	533	561	641	726	85
26	C181 Computer and network operators and web technicians	128	167	223	297	74
27	A131 Sales, marketing and advertising managers	169	273	324	395	71
28	B522 Data entry clerks	298	344	505	573	68
29	B312 Executive assistants	264	272	310	361	51
30	C182 User support technicians	88	122	161	210	49
31	A114 Other administrative services managers	105	164	191	239	48
32	A141 Facility operation and maintenance managers	103	162	194	241	47
33	A013 Senior managers - Financial, communications and other business services	260	323	387	432	45
34	B541 Administrative clerks	227	257	372	415	43
35	G111 Sales representatives, wholesale trade (non-technical)	102	138	226	269	43
36	G983 Other elemental service occupations	106	134	178	219	41
37	B115 Assessors, valuers and appraisers	189	203	237	278	41
38	G631 Security guards and related occupations	98	107	154	193	39
39	C071 Information systems analysts and consultants	77	103	136	172	37
40	G011 Retail trade supervisors	98	118	169	201	32
41	H421 Automotive service technicians, truck mechanics and mechanical repairers	71	85	116	148	31
42	B514 Receptionists and switchboard operators	286	327	468	498	31
43	C142 Electronic service technicians (household and business equipment)	37	51	68	97	29
44	G932 Specialized cleaners	49	62	82	105	24
45	C072 Database analysts and data administrators	61	78	104	127	23
46	C074 Computer programmers and interactive media developers	49	68	89	109	20
47	H412 Heavy-duty equipment mechanics	44	53	75	94	19
48	B535 Collectors	54	63	90	109	19
49	B513 Records management and filing clerks	100	113	164	183	19
50	G015 Cleaning supervisors	45	57	73	92	19
	Others	1,467	1,908	2,430	2,823	393
	Grand Total	26,201	33,679	45,185	54,695	9,509

⁵ Note that these job creations in Table 4 capture only jobs created in the Financial Services sector 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 – FINANCIAL SERVICES SECTOR

From a skill level perspective, there will be about 2,000 new management occupations, 3,300 jobs requiring some college education or apprenticeship training, about 2,100 jobs which require secondary school or occupation-specific training, about 1,700 that require university training and about 400 that require only on the job training

Figure 6: Jobs Added by Skill Level in the Financial Services Sector



APPENDIX 1: SECTOR DEFINITION – FINANCIAL SERVICES

The Financial Services Sector is comprised of all segments from the NAICS 52 Finance and Insurance, NAICS 53 Real Estate and Rental and Leasing and NAICS 55 Management of Companies and Enterprises. Definitions of the three sectors are listed below.

Finance and Insurance (NAICS 52)

This sector comprises establishments primarily engaged in financial transactions (that is, transactions involving the creation, liquidation, or change in ownership of financial assets) or in facilitating financial transactions. Included are:

- establishments that are primarily engaged in financial intermediation. They raise funds by taking deposits and/or issuing securities, and, in the process, incur liabilities, which they use to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale and risk.
- establishments that are primarily engaged in the pooling of risk by underwriting annuities and insurance. They collect fees (insurance premiums or annuity considerations), build up reserves, invest those reserves and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.
- establishments that are primarily engaged in providing specialized services that facilitate or support financial intermediation, insurance and employee benefit programs.

In addition, establishments charged with monetary control - the monetary authorities - are included in this sector.

Real Estate and Leasing (NAICS 53)

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.

Management of Companies and Enterprises (NAICS 55)

This sector comprises establishments primarily engaged in managing companies and enterprises and/or holding the securities or financial assets of companies and enterprises, for the purpose of owning a controlling interest in them and/or influencing their management decisions. They may undertake the function of management, or they may entrust the function of financial management to portfolio managers.