

2007 Business Survey

Calgary Economic Development

2007 Business Survey Report Outline

- Research Objectives
- Methodology
- The top three important issues facing Calgary today
- Importance and satisfaction with economic development issues, activities and services in Calgary
- Calgary as a place for business expansion and investment
- Calgary's growth – positive or challenging?
- Business expansion/relocation plans
- Assistance from CED

2007 Research Objectives

- Determine the importance of various factors to economic development
- Assess the level of satisfaction in the community with economic development efforts
 - Identify possible barriers to future growth in Calgary
 - View of past growth in Calgary
- Determine satisfaction with economic development efforts by small, medium and large business segments
- Provide suggestions for improving Calgary's business climate

Methodology

- Telephone/online survey
- Random sample of Calgary businesses (n): 455
- Margin of error: $\pm 4.58\%$,
19 times out of 20
- Anonymous and confidential
- Scale from 1 to 7 when “7” is very important or satisfied and “1” is not important or very dissatisfied
- Businesses segmented by size
 - Small 1-50 employees
 - Medium 51-100 employees
 - Large 100+

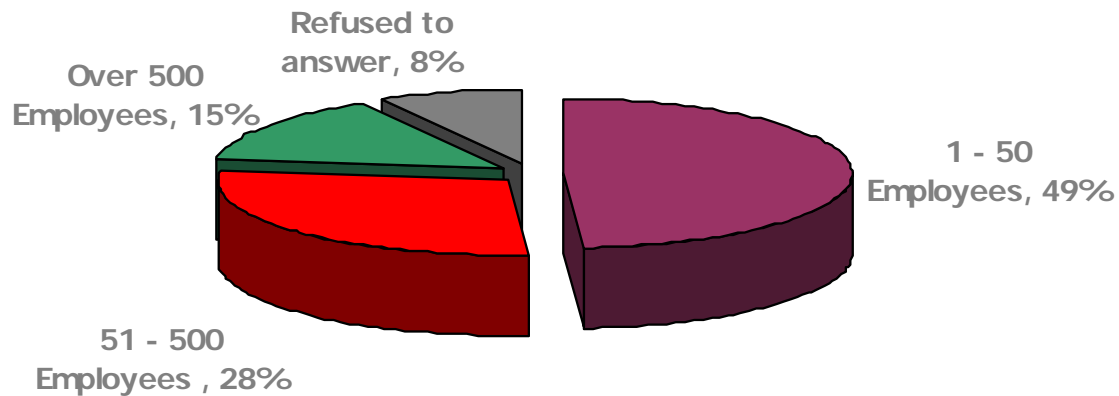
Respondent Demographics: Title

▶ *“What is your title?” (multiple responses allowed) [n=455]*

Company President	17%
Business Owner	13%
Business Development / Sales	13%
Marketing / PR	8%
Human Resources	5%
Research/ Business Intelligence	4%
Facility Operations & Management	4%
Corporate Strategic Planning	3%
Finance and Accounting	3%
Business Investment Planning	2%
Government Relations	1%
Other	24%
Refused / No response	2%

Respondent Demographics: Company Size

- ▶ *"How many people work for your company in the Calgary office (s)?" [n=455]*

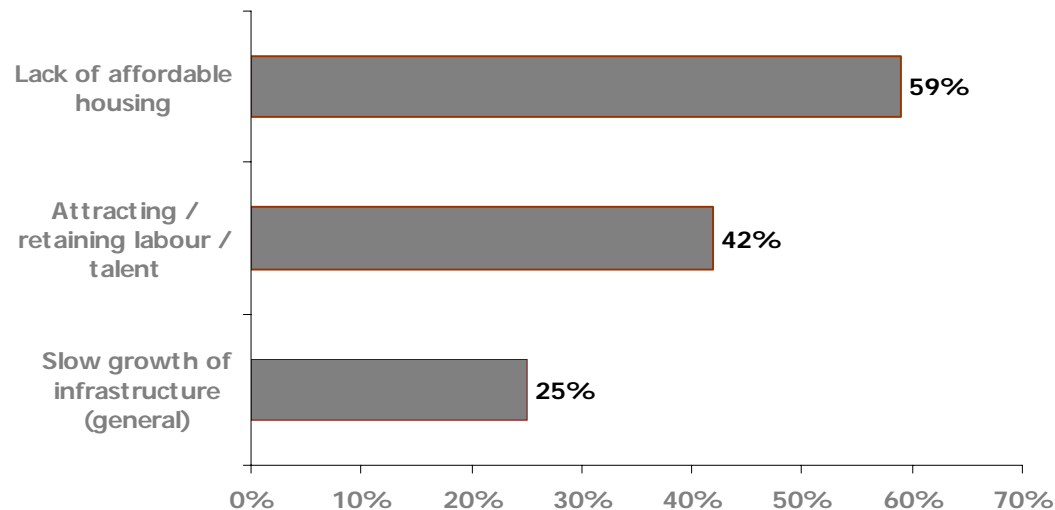


Respondent Demographics: Industry

▶ *“What business sector would you say your company falls under?” [n=455]*

Business, Financial, Advisory Svc	25%
Education/ HR / Labour Development	11%
Energy	9%
Information and Comm. Technology	9%
Creative Industries	7%
Manufacturing	7%
Real Estate	6%
Transportation and Logistics	4%
Film	2%
Other	18%
Refused / No response	2%

The Top Three Most Important Issues Facing Calgary Today



Attracting / retaining labour / talent is a bigger problem for large companies with more than 500 employees (52%) than businesses 50 employees or less (37%). 45% of the companies with 51 – 500 employees mentioned this issue.

These Three Issues Serve as a Deterrent to Growth...

- “The top three issues facing the city today serve as deterrent to growth, as a barrier to attracting top talent and business investment in Calgary, restricting the city’s ability to respond to growth in a rational way and hurting the Calgary image as a place to live and a place to get ahead; affecting the quality of life and causing “stress at home and at work”
- “The lack of affordable housing worsens the problem with the shortage of workers, results in “difficulty finding entry level people”, discourages businesses, workers and students from coming to the city”
- “The problem with attracting/retaining labour translates into reduced production, putting plans on hold, it adds cost to doing business and often means paying more for less qualified services; it also results in unbalanced business environment: lack of trust, high turnover and lower productivity, finally, sustainability of business is at risk”
- “And with insufficient infrastructure, it seems, growth is not sustainable, economic development is constrained and soon we may have to witness a slowdown in the economy”

The Most Important Issues Impacting Economic Development in Calgary

Economic Development Issues in Calgary	Very Important (rated 6 or 7 on a 7 point scale)	Mean Score (out of 7)
Access to skilled labour	88%	6.44
Transportation infrastructure (roads and public transit)	84%	6.28
Affordable housing	75%	6.08
Post-secondary institutions and providers of professional development programs	70%	5.98
Air access (incoming and outgoing)	66%	5.84

The Most Important Issues Impacting Economic Development in Calgary (cont.)

- All issues and activities listed in the survey were considered relatively important by Calgary businesses (means between 5.13 and 6.44)
- Interestingly, three years ago “Access to skilled labour” was fifth in importance, and “Affordable housing” was not an issue requiring immediate attention
- In 2004 “Transportation infrastructure”, “Post-secondary institutions and providers of professional development programs” and “Air access” were the three most important issues pertaining to economic development
- It appears that they are still very important today

Other Important Economic Development Issues

Economic Development Issues in Calgary	Very Important (rated 6 or 7 on a 7 point scale)	Mean Score (out of 7)
Adequate industrial/commercial space available for lease	62% vs. 68%*	5.75
Competitive business taxes	↓63% vs. 75%*	5.73
Striking a balance between business growth and environmental sustainability	60% vs. 64%*	5.71
Adequate supply and access to cost effective utilities (power and water)	↓61% vs. 71%*	5.70

Compared to 2006, these four issues in 2007 were still seen as important, but lower priority issues.

**2006 percentages*

↓ Indicates significant decrease

Significant differences observed in the data

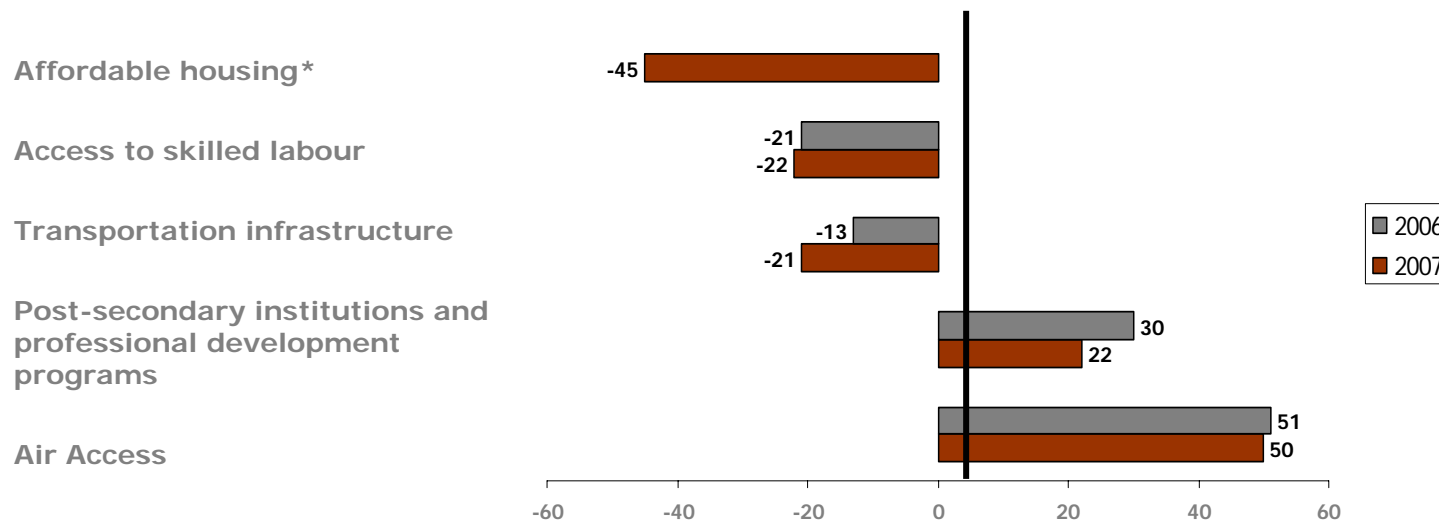
- Compared to large companies (500+ employees) small companies (<50 employees) are more likely to believe that the following issues and activities are “very important” for economic development in Calgary:
 - “Access to venture capital” (19% vs. 9%);
 - “Adequate space available for lease” (34% vs. 19%) ; and,
 - “Arts, entertainment and cultural amenities” (mean 5.44 vs. 4.96)

Satisfaction With The “Most Important “ Economic Development Issues and Activities in Calgary

Economic Development Issues and Activities in Calgary	Very Satisfied (rating 6 or 7)	Very dis-satisfied (rating 1 or 2)	Gap (satisfaction - dissatisfaction)
Air access (incoming and outgoing)	52%	2%	+50
Post-secondary institutions and providers of professional development programs	31%	9%	+22
Transportation infrastructure (roads and public transit)	8%	29%	-21
Access to skilled labour	7%	29%	-22
Affordable housing	3%	48%	-45

A figure illustrating percentage gaps from 2007 and 2006 is provided on the next slide. Simply put, the negative figures indicate low satisfaction with issues that are considered important to economic development in Calgary.

The Gap Between Satisfaction and Dissatisfaction with the “Most Important Issues”



Clearly, “Access to skilled labour” and “Transportation infrastructure” issues remain a priority again this year. What is more, the gap between the business community’s satisfaction and dissatisfaction with the issue of “Transportation infrastructure” is increasing in a negative way. However, the number one concern that needs immediate attention is “affordable housing” (mean of 2.72 out of 7).

*Note that this issue was not included in the 2006 survey.

Importance Versus Satisfaction (Issues and Activities)

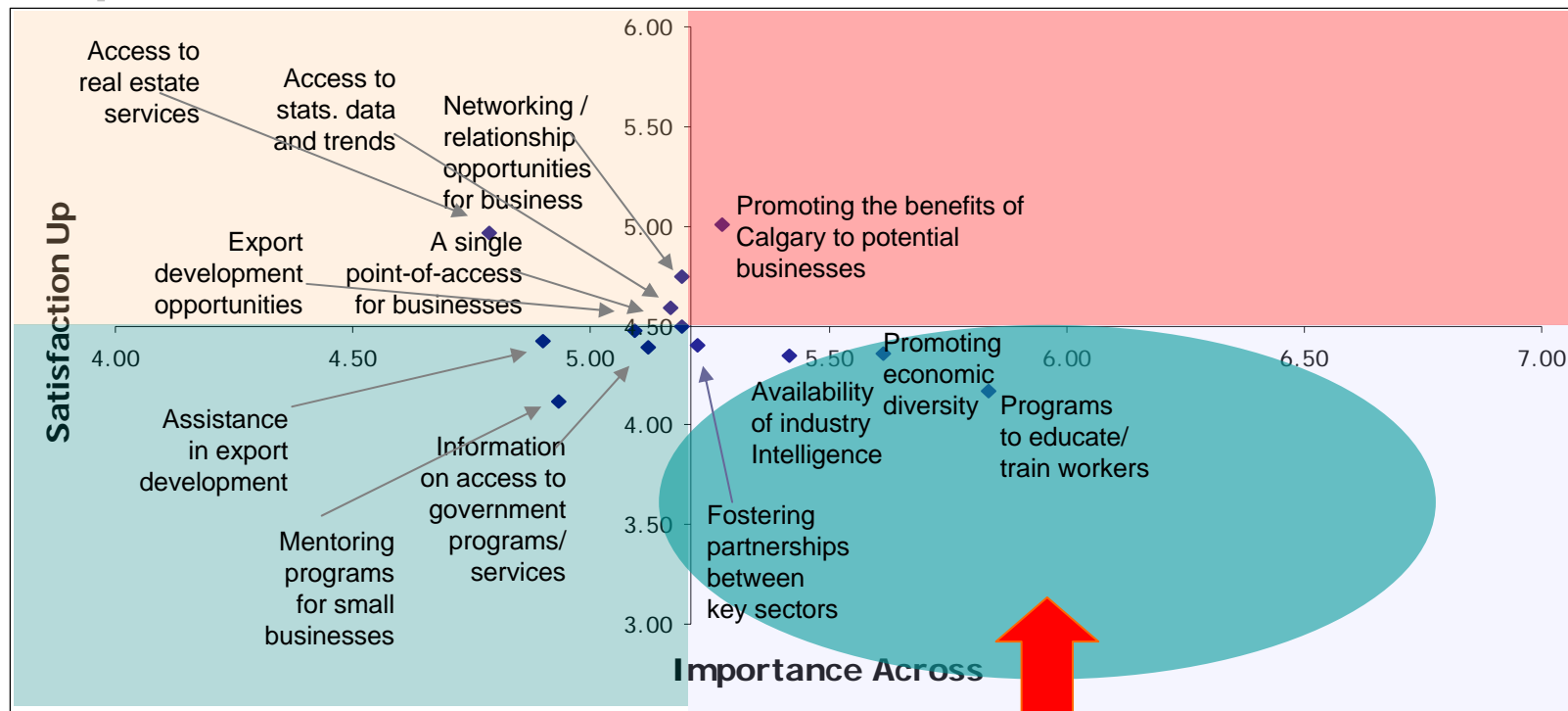
<p>Low Importance High Satisfaction</p>	<p>High Importance High Satisfaction</p>
<p>Low Importance Low Satisfaction</p>	<p>High Importance Low Satisfaction</p>

Satisfaction With Other Important Economic Development Issues and Activities in Calgary

Economic Development Issues and Activities in Calgary	Very satisfied	Very dis-satisfied	Gap (satisfaction - dissatisfaction)
Adequate supply and access to cost effective utilities (power and water)	23%	6%	+17 vs. +15*
Competitive business taxes	22%	7%	+15 vs. +15*
Industrial/commercial space available for lease	17%	14%	+3 vs. -5*
Striking a balance between business growth and environmental sustainability	11%	16%	-5 vs. 0*

* Gap between satisfaction and dissatisfaction in 2006

Importance Versus Satisfaction (Issues and Activities)



The intercepts on this table are the overall mean scores for the importance variables (5.21) and satisfaction variables (4.50)

High Importance – Low Satisfaction

Significant differences observed in the data

- Compared to small businesses (<50 employees) a higher proportion of companies with 51 to 500 employees were “very dissatisfied” with the “Access to skilled labour” in Calgary (7% vs. 17%)
- Large companies (500+ employees) were more satisfied with the “Access to venture capital” (mean score 4.87) compared to small size companies (4.41)
- Compared to companies with less than 500 employees (18 – 22%) a higher proportion of large companies assigned an average rating (of “4”) to “Competitive business taxes” (37%)
- When asked how satisfied they are with the post-secondary institutions and providers of professional training programs, a higher proportion of companies with 51 – 500 employees assigned a rating of “3” (16% vs. 6 to 8% from the other two groups) indicating dissatisfaction with this aspect

Significant differences observed in the data

- Large companies (500+ employees) were “more satisfied” with the industrial and/or commercial space available for lease in Calgary (mean of 4.16) than businesses with 51 to 500 employees (mean of 3.75)
- Businesses with less than 500 employees were “more satisfied” with the arts and cultural amenities in Calgary compared to larger companies (approximately one fifth from the small and one fifth from the medium size businesses assigned a rating of “6” compared to only one tenth from the large businesses)
- Compared to 500+ employee companies (13%) a higher proportion of small (29%) and mid-size companies (27%) assigned a rating of “2” expressing dissatisfaction with the issue of “Affordable housing”

The Scanner Analysis

As previously mentioned, the top three issues facing Calgary today (2007) are “Lack of affordable housing”, “Attracting and retaining staff” and “Infrastructure”.

With respect to economic development, the same three issues emerge as the top three most important issues. An area of concern is the fact that there is a significant gap observed between importance of the three issues and satisfaction with how these issues are being dealt with.

When examining previous data, similar results come to the front. It should be noted that new efforts are currently underway in an attempt to deal with the issues which business leaders identify as being important to the economic development of Calgary. Tracking business leaders’ opinions over time will enable CED to gauge the success of current initiatives.

A regression analysis was conducted to determine the key drivers of the city’s image. Overall business people have a strong average opinion of the city’s image (5.47 out of 7). The regression model produced six significant drivers of Calgary’s overall image.

Quality of life was determined to be the strongest driver of the city’s image. Quality of life is a major recruitment tool used by businesses to attract new employees and develop business relationships. Not surprisingly, quality of life is strongly correlated with other attributes like a vibrant downtown, access to healthcare, culture and arts as well as entertainment. All of these elements, when grouped together, paint a beautiful picture of a vibrant city open for business. This fosters a positive working environment and leads to enhanced productivity and ultimately a better quality of life for employees. Moreover, quality of life is more than just a buzz-word for businesses in 2007 as employees demand a positive quality of life and work life balance.

Calgary’s image around the world is extremely important to the business community. Awareness of the city as a “global city” open for business encourages expansion and brings in new cultures, art, entertainment. At the same time, it fosters an enhanced quality of life for Calgarians and those who wish to move to Calgary and conduct business.

The Scanner Analysis

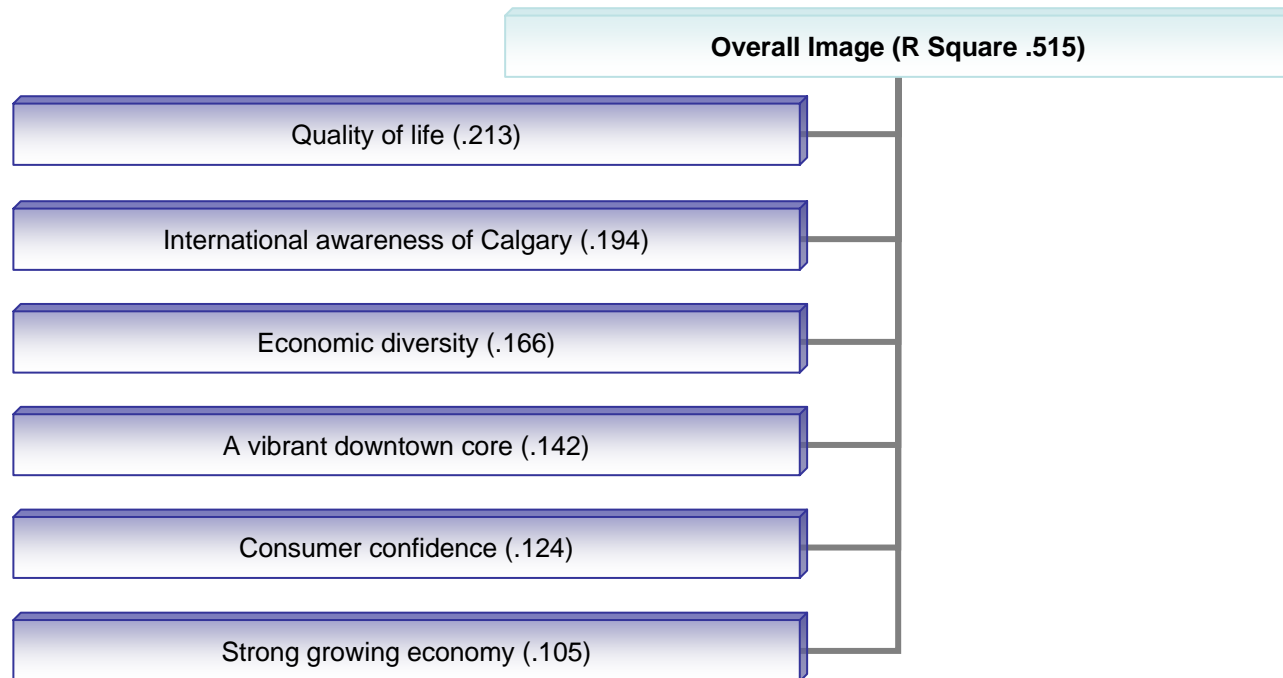
The city is no longer perceived as just an oil and gas town. The fact that there is the perception that Calgary has a diversified economy significantly impacts the city's image as it signals that Calgary is open to new opportunities and supports creativity and innovation.

Quality of life is more than just a safe and enjoyable work environment. It applies to the entire environment surrounding the city. A key factor in this is the perception of a vibrant downtown. The downtown should be an area where people not only work, but live and play. Not surprisingly, for the business leaders surveyed, a vibrant downtown is a significant driver of the city's overall image.

Consumer confidence and a strong growing economy are the final two significant drivers of the city's image. With strong consumer confidence and a strong economy, a synergy is produced between residents and the city itself. Consumers feel free to spend hard earned dollars, putting money into the local economy. This creates momentum which is felt in external markets and acts as a draw for both business and tourism. A city with a positive image in the eyes of its inhabitants translates into a positive image in the eyes of residents from other jurisdictions around the world as well as the business world who want to take advantage of the momentum.

The Overall Scanner

The following table graphically displays the regression results. Ranking of the attributes is determined by the Beta scores produced by the regression model. The higher the Beta, the higher the magnitude of the driver.



The Small Business Scanner

Small businesses do not differ from their medium and large counterparts with respect to their perceived top three issues facing the City of Calgary. The most important issue for small business is the lack of affordable housing, followed by attracting and retaining labour and the slow growth of infrastructure.

In terms of economic development in Calgary, “Access to skilled labour” is by far the most significant issue for small businesses. Generally speaking, small businesses tend to be disappointed with the efforts currently undertaken to deal with the shortage. There is a significant gap between importance of the issue and satisfaction with how the issue is being dealt with.

Infrastructure and training round up the top three most important issues pertaining to economic development. Only training received a high economic development activity satisfaction scores. Infrastructure is rated low for satisfaction as small businesses are feeling the effects of a growing city and an infrastructure system which can be described as operating below capacity.

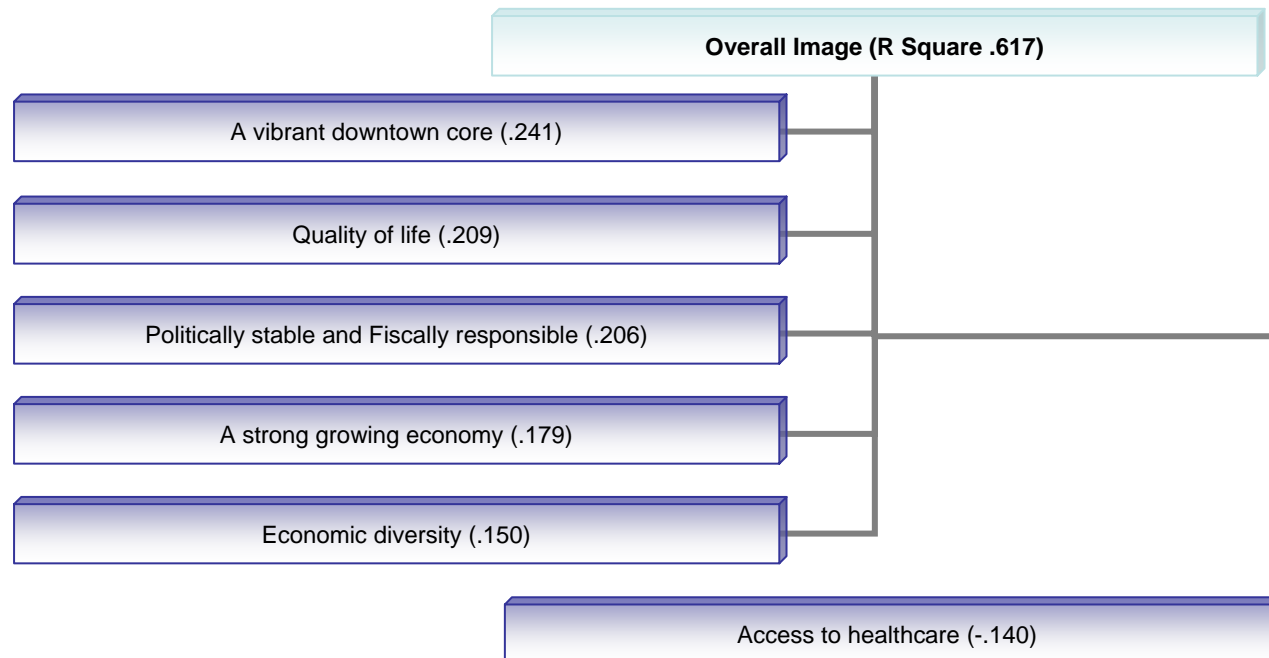
A regression analysis was conducted to determine the key drivers of the city’s image. Overall small business people have a relatively high average opinion of the city’s image. Compared to medium and large business, small businesses score the city’s image slightly lower (5.33), versus medium (5.61) and large (5.57). For the small business person, the most important driver for Calgary’s overall image is a vibrant downtown core. A vibrant downtown has been linked to increased revenues and tourist visitation. It projects an image of a city which attracts both visitors and businesses from all over Canada and across the world.

Quality of life is the second most important driver of the city’s image. Small businesses feel that Calgary’s reputation of being a safe, clean, temperate city with good amenities further drive the city’s overall image. Moreover, having a stable and fiscally responsible municipal government, and a strong growing diverse economy, all work to further enhance Calgary’s overall image.

However, small businesses consider the current level of healthcare access as a hindrance to the city’s overall image. The regression model produced an inverse relationship between access to healthcare and the city’s image. Stories about long waiting times in local hospitals, delays for procedures and a shortage of trained healthcare professionals have tarnished the city’s overall image.

The Small Business Scanner

The following table graphically displays the regression results. Ranking of the attributes is determined by the Beta scores produced by the regression model. The higher the Beta, the higher the magnitude of the driver.



The Medium Sized Business Scanner

Medium sized businesses do differ slightly from their small and large counterparts with respect to their perceived top three issues facing the city of Calgary. The most important issue for medium sized businesses is the lack of affordable housing, followed by attracting and retaining labour and general infrastructure (roads/transportation).

In terms of economic development in Calgary, "Access to skilled labour" is by far the most significant issue for medium sized businesses. Generally speaking, medium sized businesses indicate being disappointed with the efforts currently undertaken to deal with the shortage. There is a significant gap between importance of the issue and satisfaction with how the issue is being dealt with.

Infrastructure and affordable housing round up the top three most important issues pertaining to economic development. Only training receives high economic development activity satisfaction scores. Infrastructure and affordable are rated low for satisfaction as medium sized businesses are feeling the effects of a growing city and workers who cannot afford the cost of living.

A regression analysis was conducted to determine the key drivers of the city's image. Overall, medium sized business people have the highest average opinion of the city's image (5.61), compared to small (5.33) and large business (5.57). The regression model produced five key drivers of Calgary's overall image. The most important driver for Calgary's overall image is the city's cultural scene. As an emerging global city, Calgary is attracting new residents from a variety of different cultures. These new residents are bringing different arts, entertainment and culinary interests which provide many different options for residents to spend on during their leisure time. Not surprisingly, the cultural scene is strongly correlated with quality of life and arts and entertainment.

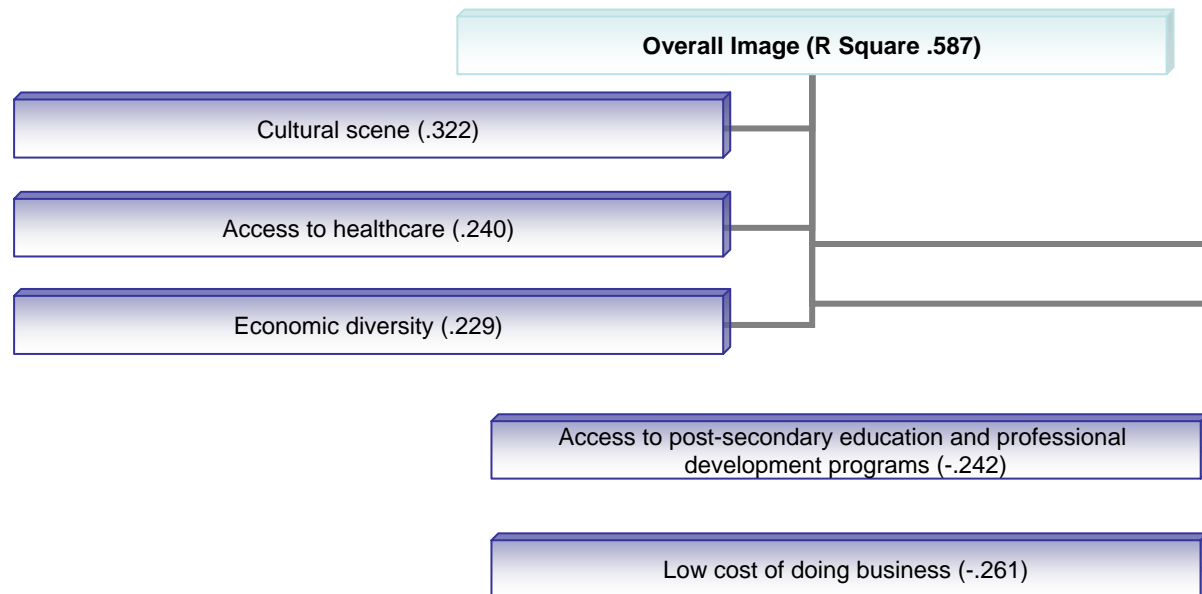
Unlike their smaller counterparts, medium sized businesses have a positive view with respect to access to healthcare in Calgary. Staffing is an issue across all industries with the current economy, as such, medium sized business people have either accepted the fact that service will not be fast as they would like, or they understand the stresses placed on the healthcare system as they feel the effects of labour shortages as well in their industries.

To the medium sized business person, the Calgary economy is no longer based on one industry. A significant factor determining the city's overall image is the fact that Calgary economy is diverse.

The model did produce two inverse or negative factors influencing the overall image of the city. There is a perceived lack of access to post secondary and providers of professional development training. This could be a direct result of the labour shortage as educational institutions are not graduating qualified personnel at the same pace as the economy requires them. Interestingly, the second inverse factor is the low cost of doing business in Calgary. For many, the costs of doing business are actually increasing. These costs are not associated with taxation and regulations, rather maintaining staff. Companies are now giving raises, benefits and on the job training, more so than in the past just to keep staff.

The Medium Sized Business Scanner

The following table graphically displays the regression results. Ranking of the attributes is determined by the Beta scores produced by the regression model. The higher the Beta, the higher the magnitude of the driver.



The Large Business Scanner

Large businesses indicate the same top three issues facing Calgary as do small and medium sized business. However, what does differ is the proportion each issue receives. The top issue is a lack of affordable housing yet its score is slightly lower than that of small and medium size businesses. Attracting and retaining talent is their second most important issue. The larger businesses seem to be suffering more from the labour shortage and are statistically more likely to give a higher rating to this issue than small business people. Large business is also more likely to indicate the slow pace of infrastructure as the third top issue.

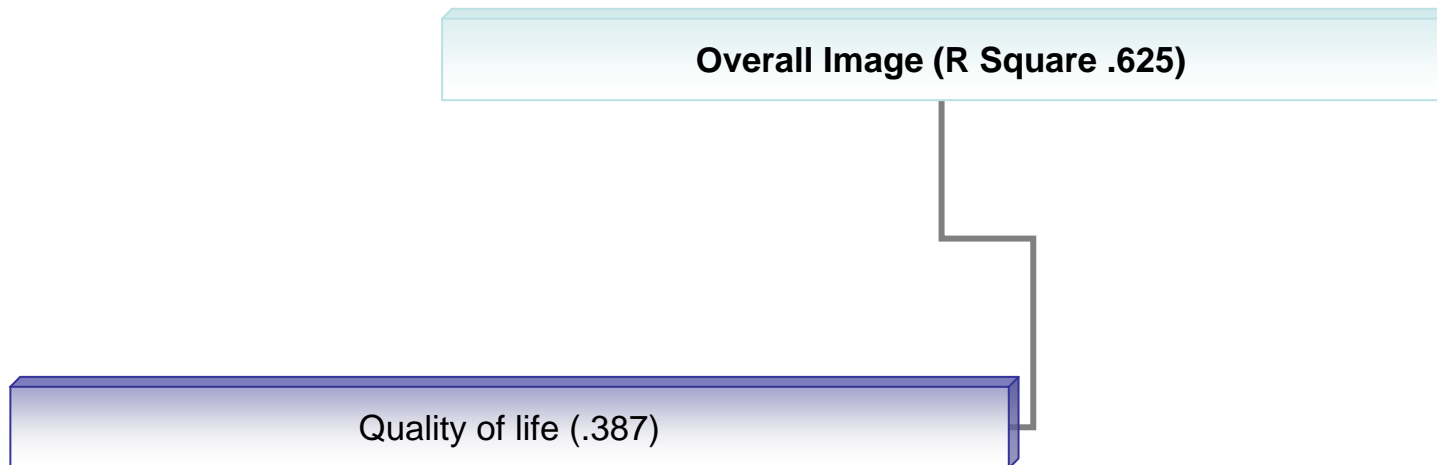
In terms of economic development in Calgary, “Access to skilled labour” is by far the most significant issue for large businesses. Generally speaking, large businesses tend to display lower satisfaction scores with the efforts currently undertaken to deal with the shortage. There is a significant gap between importance of the issue and satisfaction with how the issue is being dealt with.

Transportation infrastructure and affordable housing round up the top three most important issues pertaining to economic development. Both of these issues received the lowest satisfaction scores with respect to the action currently being undertaken to deal with the situations.

A regression analysis was conducted to determine the key drivers of the city’s image. The model produced only one significant driver of Calgary’s overall image, quality of life. Quality of life is a major recruitment tool used by large businesses to attract new employees and develop business relationships. Not surprisingly, quality of life is strongly correlated with other attributes like a vibrant downtown, access to healthcare, culture and arts and entertainment. All of these elements, when grouped together, paint a beautiful picture of a vibrant city open for business. This fosters a positive working environment and leads to enhanced productivity and ultimately a better quality of life for employees.

The Large Business Scanner

The following table graphically displays the regression results. Ranking of the attributes is determined by the Beta score produced by the regression model. The higher the Beta, the higher the magnitude of the driver.



The Most Important Services Impacting Economic Development in Calgary

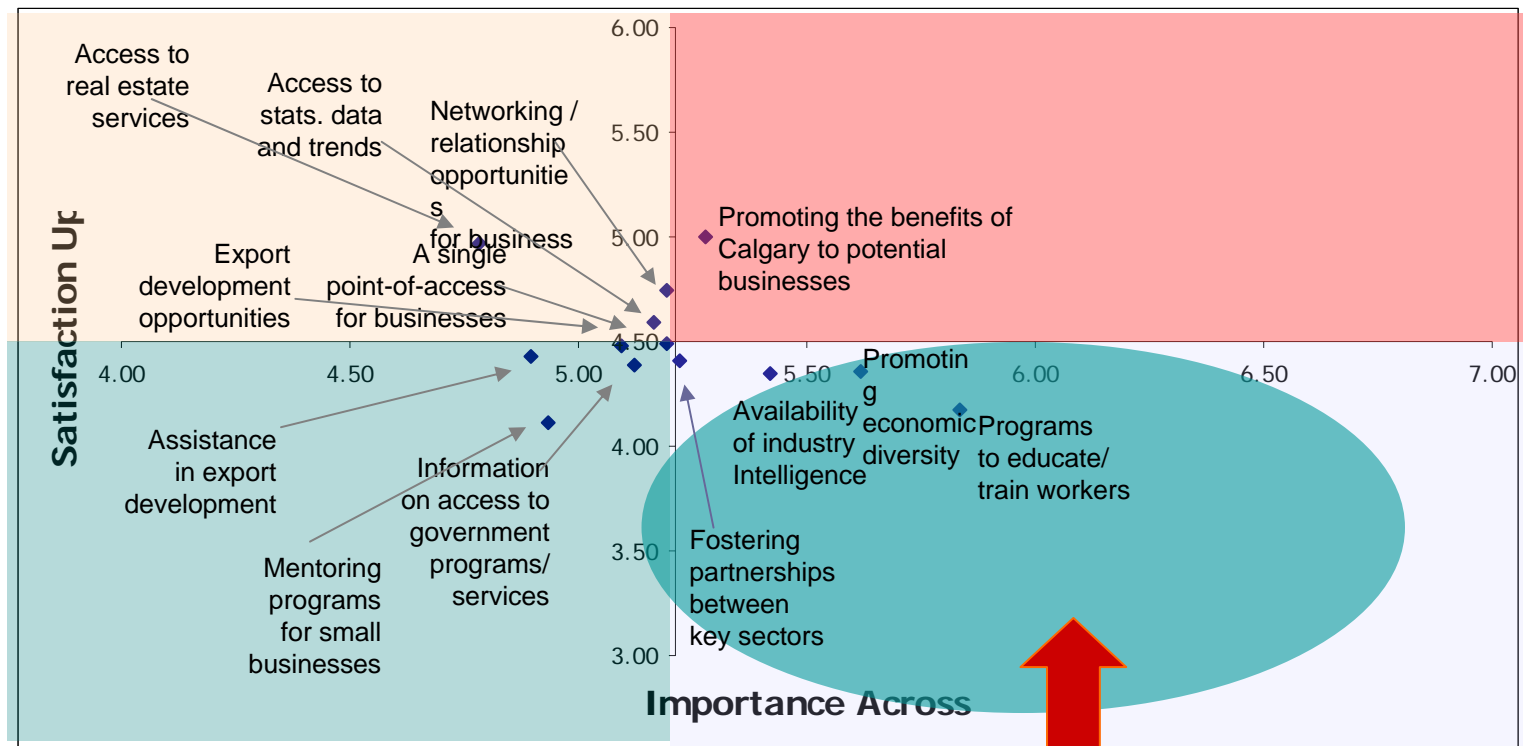
Services	Very Important	Mean Score
Programs to educate and train workers	67%	5.84
Promoting economic diversity by encouraging growth in a number of business sectors	61%	5.62
Availability of sector and industry specific intelligence	51%	5.42
Promotion of the benefits of Calgary to potential businesses	48%	5.28

All services mentioned in the survey received a mean score of above 4.78 meaning that in general, businesses find them important for economic development in Calgary. With regard to the most important services, no significant differences between this year and last year were observed.

Importance Versus Satisfaction (Services)

<p>Low Importance High Satisfaction</p>	<p>High Importance High Satisfaction</p>
<p>Low Importance Low Satisfaction</p>	<p>High Importance Low Satisfaction</p>

Importance Versus Satisfaction (Services)



The intercepts on this table are the overall mean scores for the importance variables (5.21) and satisfaction variables (4.50)

High Importance - Low Satisfaction

Significant differences observed in the data

- Compared to companies with more than 500 employees a higher proportion of small companies (<50 employees) and mid-size companies (51 to 500 employees) believe that the following services are “very important”* for economic development in Calgary:
 - “Availability of industry and sector specific intelligence” (17% of small, 23% of mid-size and 6% of large companies)
 - “Networking or relationship brokering opportunities for business” (16% of small, 17% of mid-size and 8% of large companies)
 - “Access to statistical data” (21% of small, 13% of mid-size and 8% of large companies)
 - “Mentoring programs for small businesses” (16% of small, 9% of mid-size (9%) and 3% of large companies)

**meaning companies assigned a rating of “7”*

Significant differences observed in the data

- Companies with more than 500 employees were more satisfied with their access to statistical data and trends (mean of 4.98) compared to small businesses (mean of 4.59)
- Clearly, “Fostering partnerships between key industry sectors” and “Programs to educate and train workers” were services more important to mid-to-large size companies (51 to 500 employees) than to small businesses
- Compared to small companies, a higher proportion (14%) of mid-size companies (51 to 500 employees) reported being “very dissatisfied” with the existing programs to educate and train workers (4% vs. 14%)
- One-third of the mid-to-large size businesses assigned an average rating (of “4”) to “fostering partnerships between key industry sectors”
- In general, small companies were more satisfied with their “access to real estate services” compared to mid-size companies

Satisfaction with Services That Pertain to Economic Development in Calgary

THE "MOST IMPORTANT" SERVICES	Very satisfied (6 or 7)	Very dis- satisfied (1 or 2)	Gap (satisfaction - dissatisfaction)
Promotion of the benefits of Calgary to potential businesses	34%	4%	+30 vs. +35*
Availability of sector and industry specific intelligence	17%	9%	+8 vs. +9*
Promoting economic diversity by encouraging growth in a number of business sectors	16%	7%	+9 vs. +11*
Programs to educate and train workers	15%	11%	+4 vs. +6*

This table shows the level of satisfaction with the services rated as most important for the economic development in Calgary. Overall, survey results show "average" satisfaction with most of the services that pertain to economic development in Calgary.

**2006 data*

Calgary as a Location for Business Expansion and/or Investment - Strengths

STRENGTHS	Mean Score
Strong/growing economy	6.17
A positive business climate	5.86
Consumer confidence	5.53
Quality of life (clean, safe, nice water, good urban amenities)	5.44
Overall image	5.43
Strong communications/technology infrastructure	5.41

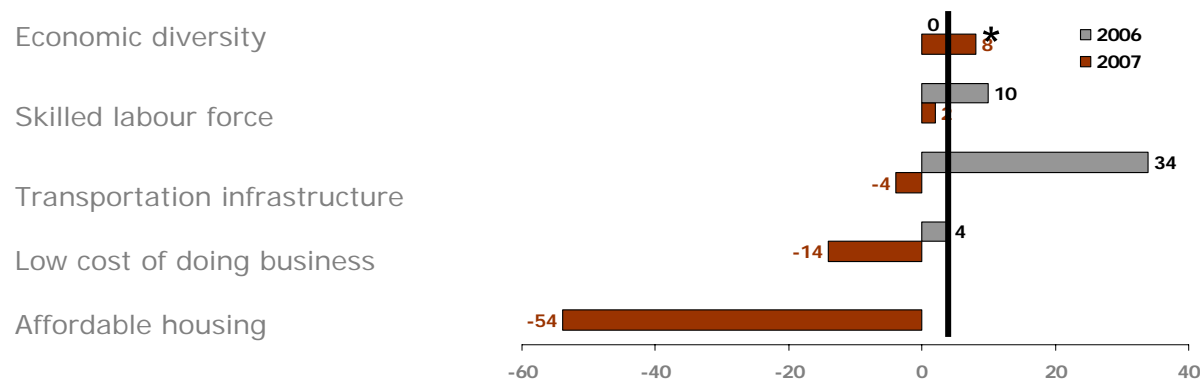
Calgary as a Location for Business Expansion and /or Investment – Strengths (continued)

- This year, the percentage of people who rate Calgary “strong” for its growing economy is still high (81% ↓), however it is lower compared to last year (91%)
- In 2006, three quarters of the respondents (75%) thought that there was a positive business climate in Calgary and in 2007, this percentage fell to 69% ↓.
- The “Quality of life” aspect was rated high by fewer members of the business community compared to last year (55% ↓ versus 68% in 2006)
- Although the percentages for these three aspects are lower than last year, they are still considered strengths of Calgary as a location for business expansion and investment
- ↓ Indicates a significant decrease from 2006.

Calgary as a Location for Business Expansion / Investment - Weaknesses

WEAKNESSES	Mean Score
Affordable housing	2.55
Low cost of doing business	3.62
Transportation infrastructure (air access, quality of roads, public transportation)	3.90
Skilled labour force	4.14
Economic diversity	4.27
Access to health care	4.31

Calgary as a Location for Business Expansion and or Investment – Weaknesses (continued)



The above chart illustrates percentage gaps between high and low ratings of Calgary's characteristics as a location for business expansion and investment. The negative figures indicate critical aspects and areas that require immediate attention. Interestingly, figures close to zero may indicate a threat. For example, the chart illustrates that the problem with "skilled labour force" (a gap of 2) is deepening and may turn the labour shortage into labour crisis. Note that "affordable housing" was not included in the 2006 questionnaire.

* In 2006, more than half of the respondents were somewhat neutral when asked if economic diversity is a barrier to Calgary as a location for business expansion and investment; a quarter thought that it is a barrier and exactly as many disagreed, leaving a gap of zero between agreements and disagreements. Although the question last year was worded differently, it can be concluded that this year Calgary is perceived as "improving" with regard to economic diversity

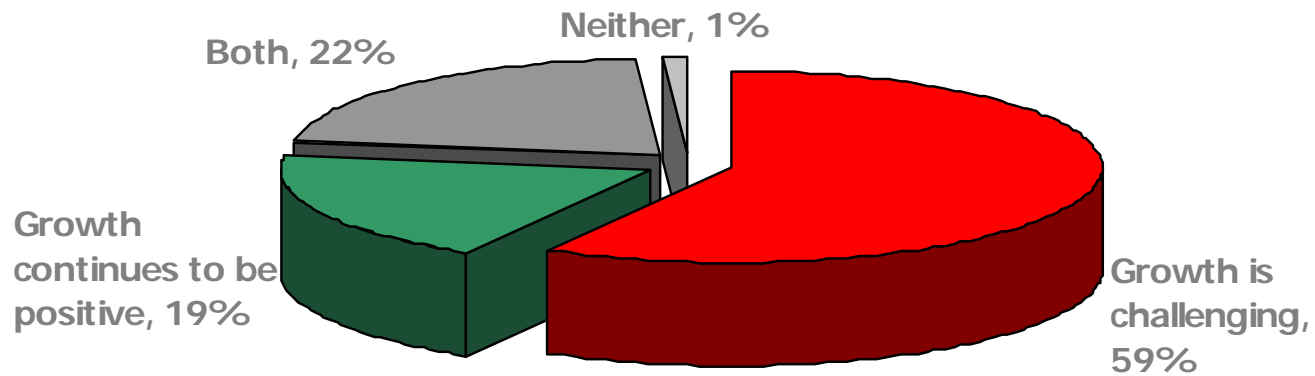
Significant differences observed in the data

- Overall, compared to companies with more than 500 employees, mid-size companies (51 – 500 employees) rated the aspect of “Low cost of doing business” higher (mean 3.85 vs. mean 3.41)
- Survey results show that the larger the company, the bigger the problem with “Skilled labour force” is. For example, only 6% of the large (500 + employees) companies rated this aspect with “6” (very strong) compared to 12% of the mid-size businesses and one-fifth (20%) of the small companies
- Compared to companies with less than 500 employees (34%-40%) a higher proportion of businesses with 500 employees or more (54%) find Calgary strong for the aspect of “Positive business climate”
- When discussing “Quality of life” 55% of the companies rated Calgary “very strong” (a rating of “6” or “7”). The breakdown by company size is as follows: 50% of small companies, 60% of mid-size and 70% of 500+ employee companies

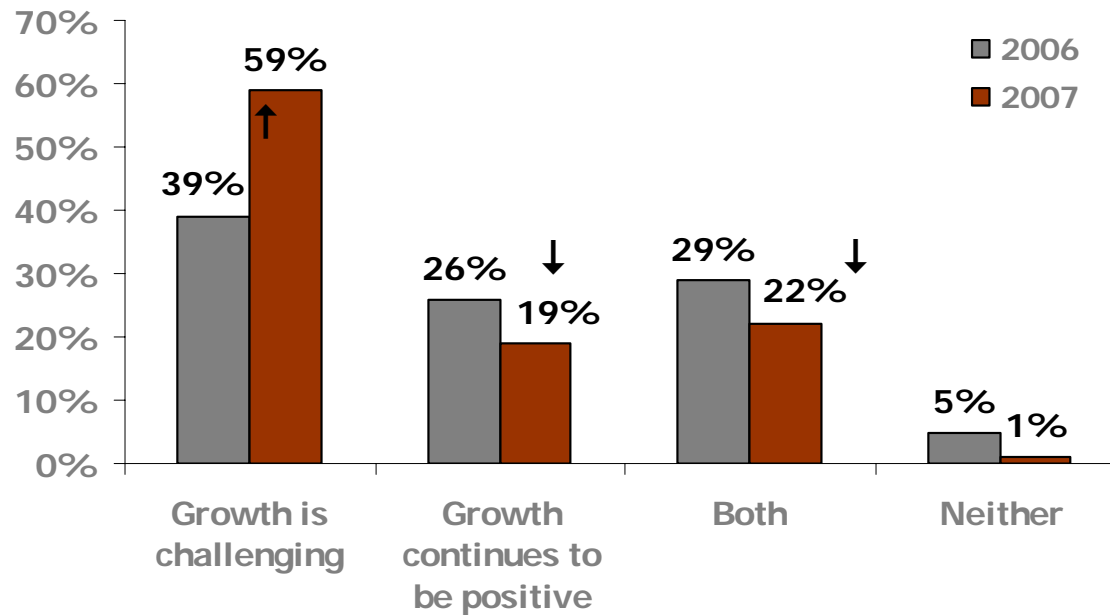
Significant differences observed in the data

- Compared to small companies (19%), a higher proportion of mid-size companies (27%) rated Calgary strong (a rating of “7”) for “access to venture capital and financing”
- Large companies with more than 500 employees were less likely to consider Calgary internationally well-known. 18% perceive Calgary as “very weak” in this regard (a rating of “1” or “2”), compared to small (9%) and mid-size companies (6%)
- When it comes to evaluating Calgary’s overall image, businesses with 50 employees or less were a little more skeptical than larger players (a mean of 5.3 compared to a mean of 5.6)
- When discussing the Calgary cultural scene, companies with more than 500 employees were more likely than the other businesses (with less than 500 employees) to assign an average rating (of “4”) to this aspect. In addition, they rated the downtown core with a mean of 4.1.

Calgary's Growth – positive or challenging?



Calgary's Growth becoming more and more challenging...



↑ Indicates significant increase

↓ Indicated significant decrease

Calgary's Growth is becoming more and more challenging because...

- The “phenomenal growth” has not been slow and continuous but rather quick and put simply, the city is not catching up with it
- There has been “little planning and little leadership in managing growth”, some called that “poor forward thinking”
- In addition, it is difficult for many businesses to retain employees, which is also affecting employee morale, the levels and consistency of customer service, knowledge transfer and business overall
- Inflation makes the city too expensive to live in; mid- and low income families struggle with the new realities, workers and students can't find a place to live
- Healthcare, schools, community services, daycare centers are insufficient
- In the overheated economy, prosperity is not shared by all and not everyone benefits from the boom

As a result, the city lacks affordable housing and skilled labour as well as social and physical infrastructure required to support the rapid growth

Possible consequences from the rapid growth...

- The transient lifestyle is not sustainable, the growth is hurting the sense of community; if the issues are not controlled, the result may be decreased standard of living and the trouble of all big cities: alienation, greater disparity between rich and poor, crime, congested roads etc.
- Bottom line: Calgary is losing its advantage as a cost-effective place for doing business, the quality of life suffers, affecting the city's overall image, making Calgary a less attractive place to live and work in
- What is more, some fear that the boom may turn into recession or “another crash following another oil boom” if “we are not careful”
- Attracting people to the oil sector by offering skyrocketing wages limits the ability to diversify the economy; margins are difficult to maintain; then, outside Alberta we are not competitive

“A city can't be great simply on economic wealth. That wealth needs to be invested into things that improve the quality of life”

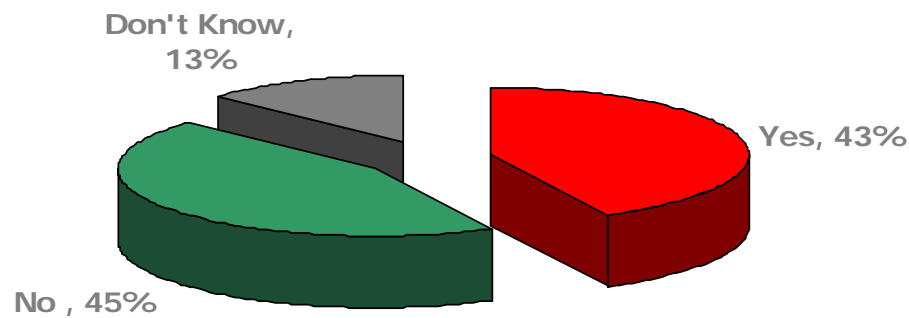
One- fifth of the businesses believe that Calgary's growth is positive because...

- Calgary has “a potential to grow” and “room to accommodate more people”
- Corrections of the economy are occurring right now
- With all the challenges the boom is still benefiting us
- Plus “there is no ideal situation”...and “it is better to be in a stage of growth than in a stage of decline”
- “Growth brings many and varied opportunities. The challenge relates to how people and businesses react to the growth”

“Calgary is made up of visionaries, risk takers and optimists...who will ensure its long-term success”

Businesses Expansion / Relocation Plans

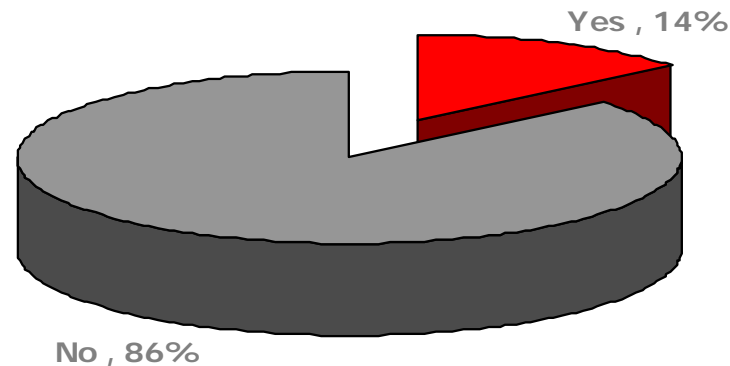
- ▶ “Is your business planning to expand or relocate in Calgary?” [n=455]



Compared to the businesses with 51 – 500 employees (38%) a higher proportion of the small businesses (50%) said “No” ...

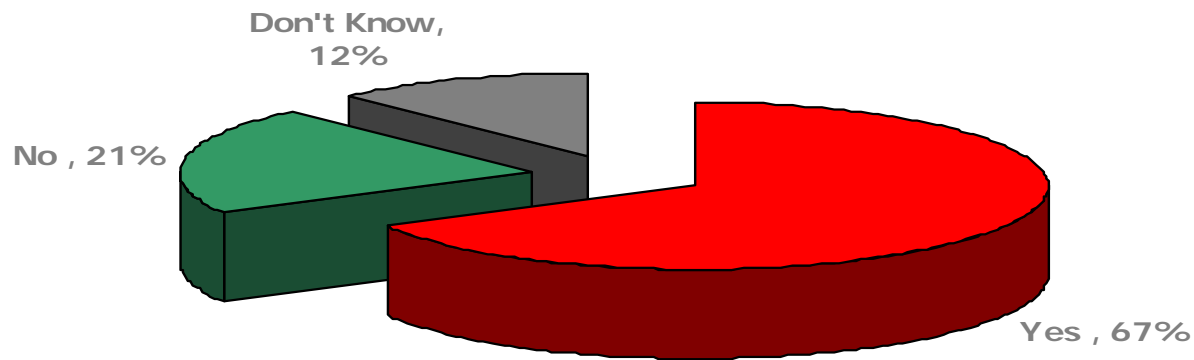
Would You Like Assistance from CED?

▶ *“Would you like to be contacted by CED to follow up on your potential expansion, or assist you with any issues / opportunities faced by your company?” [n=455]*



Compared to businesses with less than 500 employees (82% to 85% for small and mid-size companies respectively), companies with more than 500 employees (97%) were more likely to say: “No”

Interest in Participating in Future CED Research Projects



Summary and Conclusions

- It appears that the effects of Calgary's growth are becoming more and more visible. In fact, as many as six-in-ten (59%) businesses perceive growth as challenging (up significantly compared to four-in-ten (39%) in 2006)
- Predictions from last year implying that "Affordability may become liability" proved right. The lack of "affordable housing" is one of the three top issues facing Calgary in 2007. In fact, half of the respondents (48%) indicated that they are very dissatisfied with activities aimed at solving or reducing the problem
- In addition, the cost of doing business in Calgary is seen as comparatively high
- Concerns about access to skilled labour and infrastructure, evident in 2006, continue in 2007 and it appears that these are the most important, long-term challenges facing Calgary as it grows
- On the bright side, the strong economy, the high standard of living and the positive business climate are, without a doubt, strengths that make Calgary a great location for business expansion and investment. Four in ten businesses (43%) indicated that they have expansion and /or relocation plans
- Perhaps it is safe to say that more and more companies are starting to see the challenges of the growing economy. Nevertheless, at this point the confidence within the Calgary business community remains high

Summary and Conclusions

- When thinking about how satisfied they are with the most important services that pertain to economic development in Calgary overall, no significant differences were observed when comparing to last year
- One third of the respondents (34%) believe that the benefits of the city are very well promoted to potential businesses. Such results reflect one of the main objectives in CED's 2006 – 2008 business plan to “increase visibility and awareness of Calgary to enhance the region's business profile”
- Satisfaction with other services that are considered most important for the economic development in Calgary is somewhat “average” (mean scores between 4.1 and 4.3)
- Certainly, the number of businesses who are “very satisfied” exceed those who are “very dissatisfied” - a good indication of efforts toward providing services such as sector and industry specific intelligence, promoting economic diversity and programs to educate and train workers
- Results from the study indicate that striking a balance between business growth and environmental sustainability may become a concern. At the same time, six in ten respondents (60%) classified this issue as “very important” for economic development in Calgary

Summary and Conclusions

- According to the overall scanner analysis “quality of life” appears to be the strongest driver of the city’s image, stronger than the state of economy. This explains why on an average, Calgary was rated 5.43 for its overall image although it received a higher rating (of 6.17) for its strong growing economy
- Large businesses see “quality of life” as the strongest driver for the city’s image. Medium businesses’ perception of the Calgary image depends mostly on three other factors: cultural scene, access to healthcare and economic diversity. For the small business person, the most important driver for Calgary’s overall image is a vibrant downtown core
- The general feeling is that the phenomenal growth is too rapid and perhaps not sustainable, especially if there is a “little planning and little leadership in managing growth”
- In conclusion, although no one can be really certain of what will happen in the near future, if businesses keep perceiving growth as challenging or threatening it will continue to affect the way businesses operate therefore turning that perception into reality.
- However, if organizations such as CED continue to work with businesses for the economic development of the city and building off the momentum of the 20% who feel the that Calgary’s growth is positive, sustainable continued growth can occur.

“If everyone is moving forward together then success takes care of itself” — Henry Ford

How important are each of the following issues that pertain to economic development in Calgary ?

IMPORTANCE		Not important					Very Important		Don't Know	MEAN
		1	2	3	4	5	6	7		
B.	Access to skilled labour	1%		1%	1%	9%	88%	1%	6.44	
G.	Transportation infrastructure (e.g., roads & public transit)	1%		1%	2%	13%	84%	0%	6.28	
L.	Affordable housing	2%		2%	5%	16%	75%	1%	6.08	
I.	Post-secondary institutions and providers of professional development programs	2%		1%	5%	21%	70%	0%	5.98	
H.	Air access (incoming and outgoing)	2%		2%	8%	20%	66%	2%	5.84	
J.	Adequate industrial/commercial space available for lease	2%		3%	7%	25%	62%	1%	5.75	
E.	Competitive business taxes	3%		4%	6%	22%	63%	2%	5.73	
D.	Striking a balance between business growth and environmental sustainability	2%		3%	12%	23%	60%	0%	5.71	
F.	Adequate supply and access to cost effective utilities (i.e. power & water)	2%		2%	10%	15%	61%	1%	5.7	
A.	Streamlined processes for building permits and approvals	5%		4%	10%	27%	51%	4%	5.4	
K.	Arts, entertainment & cultural amenities	4%		6%	15%	31%	44%	0%	5.26	
C.	Access to venture capital	6%		6%	15%	26%	43%	4%	5.13	

How satisfied are you that each of the following economic development activities and issues?

SATISFACTION		Very Dissatisfied					Very Satisfied		Don't Know	MEAN
		1	2	3	4	5	6	7		
H.	Air access (incoming and outgoing)	2%		4%	12%	26%	52%		4%	5.44
I.	Post-secondary institutions and providers of professional development programs	9%		11%	17%	31%	31%		1%	4.65
F.	Adequate supply and access to cost effective utilities (i.e. power & water)	6%		12%	20%	36%	23%		4%	4.61
E.	Competitive business taxes	7%		9%	22%	30%	22%		11%	4.56
C.	Access to venture capital	6%		9%	22%	24%	19%		21%	4.52
K.	Arts, entertainment & cultural amenities	10%		12%	23%	29%	25%		1%	4.5
D.	Striking a balance between business growth and environmental sustainability	16%		22%	26%	23%	11%		2%	3.96
J.	Adequate industrial/commercial space available for lease	14%		24%	26%	21%	17%		7%	3.82
A.	Streamlined processes for building permits and approvals	14%		16%	21%	19%	7%		22%	3.81
G.	Transportation infrastructure (e.g., roads & public transit)	29%		24%	19%	20%	8%		0%	3.45
B.	Access to skilled labour	29%		24%	25%	14%	7%		1%	3.37
L.	Affordable housing	48%		24%	17%	8%	3%		0%	2.72

How **important** are each of the following services that pertain to economic development in Calgary?

IMPORTANCE		Not important					Very Important		Don't Know	MEAN
		1	2	3	4	5	6	7		
H.	Programs to educate and train workers	2%		2%	8%	20%	67%		1%	5.84
J.	Promoting economic diversity by encouraging growth in a number of business sectors	3%		5%	10%	20%	61%		1%	5.62
A.	Availability of industry & sector specific Intelligence	3%		3%	12%	26%	51%		4%	5.42
I.	Promotion of the benefits of Calgary to potential businesses	4%		7%	14%	26%	48%		2%	5.28
M.	Fostering partnerships between key industry sectors	4%		5%	16%	30%	43%		2%	5.22
B.	Networking or relationship brokering opportunities for business	4%		7%	14%	30%	44%		1%	5.19
E.	A single point-of-access for business expanding and / or locating in Calgary	6%		6%	14%	26%	44%		6%	5.19
C.	Access to statistical data /trends	5%		6%	16%	29%	42%		2%	5.17
G.	Information on access to government programs and services	4%		7%	15%	33%	39%		2%	5.12
K.	Export Development Opportunities	4%		7%	21%	32%	44%		6%	5.09
F.	Mentoring programs for small businesses	6%		11%	16%	24%	39%		4%	4.93
D.	Support and assistance in export development	7%		7%	17%	29%	33%		8%	4.9
L.	Access to real estate services	7%		8%	23%	27%	32%		3%	4.78

How satisfied are you with each of the following economic development services?

SATISFACTION		Very dissatisfied					Very satisfied		Don't Know	MEAN
		1	2	3	4	5	6	7		
I.	Promotion of the benefits of Calgary to potential businesses	4%		6%	17%	32%	34%		9%	5
L.	Access to real estate services	3%		6%	23%	24%	33%		12%	4.97
B.	Networking or relationship brokering opportunities for business	4%		9%	22%	31%	24%		10	4.74
C.	Access to statistical data /trends	6%		12%	25%	23%	24%		11	4.59
E.	A single point-of-access for business expanding and / or locating in Calgary	6%		10%	23%	20%	19%		23%	4.49
K.	Export Development Opportunities	4%		10%	22%	23%	14%		27%	4.48
D.	Support and assistance in export development	4%		8%	24%	22%	12%		30%	4.42
M.	Fostering partnerships between key industry sectors	5%		14%	27%	26%	16%		13%	4.4
G.	Information on access to government programs and services	7%		13%	25%	28%	17%		10%	4.39
J.	Promoting economic diversity by encouraging growth in a number of business sectors	7%		13%	29%	25%	16%		16%	4.36
A.	Availability of industry & sector specific Intelligence	9%		13%	22%	28%	17%		12	4.35
H.	Programs to educate and train workers	11%		16%	27%	23%	15%		9%	4.17
F.	Mentoring programs for small businesses	7%		15%	24%	22%	9%		23%	4.12

How you would rate Calgary ... as a location for business expansion and/or investment

Aspect	Very weak					Very strong		Don't Know	MEAN
	1	2	3	4	5	6	7		
Strong/growing economy	1%	1%	4%	13%	81%	0%	6.17		
A positive business climate	1%	1%	7%	21%	69%	0%	5.86		
Consumer confidence	2%	3%	10%	24%	59%	1%	5.53		
Quality of life (clean, safe, nice water, good urban amenities)	3%	4%	12%	26%	55%	0%	5.44		
Overall Image	2%	4%	11%	26%	56%	0%	5.43		
Strong communications/technology infrastructure	2%	5%	13%	25%	54%	1%	5.41		
Politically stable and fiscally responsible	8%	6%	13%	26%	48%	0%	5.12		
Competitive tax rates	5%	7%	19%	25%	35%	9%	4.94		
Access to post-secondary education and to providers of professional development programs	8%	7%	16%	35%	33%	1%	4.84		
Access to venture capital / financing	7%	7%	20%	25%	23%	20%	4.68		
International Awareness	10%	12%	16%	32%	29%	2%	4.62		
Cultural Scene	9%	10%	27%	29%	25%	1%	4.55		
Availability of cost-effective utilities	8%	12%	23%	32%	21%	3%	4.49		
Access to health care	17%	11%	22%	24%	26%	0%	4.31		
A vibrant downtown core	16%	11%	21%	28%	23%	1%	4.3		
Economic Diversity	10%	18%	27%	27%	18%	1%	4.27		
Skilled labour force	18%	13%	24%	24%	20%	1%	4.14		
Transportation infrastructure (air access, quality of roads, public transportation)	20%	19%	24%	22%	16%	0%	3.9		
Low cost of doing business	23%	21%	25%	19%	9%	3%	3.62		
Affordable Housing	59%	16%	16%	4%	5%	0%	2.55		