



2008 Business Survey

Calgary Economic Development



2008 Business Survey Report Outline



- ▶ **Research Objectives**
- ▶ **Methodology**
- ▶ **The top three important issues facing Calgary today**
- ▶ **Importance and satisfaction with economic development issues and services in Calgary**
- ▶ **Calgary as a place for business expansion and investment**
- ▶ **Calgary rated for its quality of life**
- ▶ **Scanner Analysis**
- ▶ **Calgary's growth – positive or challenging?**
- ▶ **Business expansion / relocation plans**
- ▶ **Assistance from CED**



2008 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

- ▶ Online survey
- ▶ Sample of Calgary businesses (n): 400
- ▶ 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 51-500 employees
 - ▶ Large 500+





Key Findings

Key Findings

Calgary's Quality of Life rated very high by the Business Community

- ▶ Satisfaction with two key aspects deemed the most important issues impacting economic development appears to be strong in 2008: access to quality education, skill development and professional training, and high quality of life to attract and retain labour.
- ▶ When it comes to aspects that relate to the quality of life, in general, Calgary is perceived by businesses as a clean and safe city, with large green spaces and abundance of recreation and leisure options; quality urban amenities and a wide variety of educational options were also perceived to be strong.
- ▶ In general, businesses perceive Calgary as an appealing location for business expansion and investment; the biggest strengths being the strong growing economy, direct air access to global business centers and high degree of consumer confidence.

Key Findings, continued

Economy seen as strong, yet some see it softening when compared to previous years

- ▶ This year, the percentage of people who rate Calgary “strong” for its growing economy remains high (66%), yet it is lower when compared to 2007 (81%) and 2006 (91%).
- ▶ Predictions about the future of the economy are mixed. Some are positive that the economy will grow even more (30%), while others maintain that it will stay the same (34%); yet a third of the businesses say that it will slow down (35%).
- ▶ One reason for this uncertainty is the perceived lack of skilled labour – the number one issue confronting as many as four out of ten of the businesses in Calgary (42%). The majority (83%) expect to hire new employees in the next 12 months, yet seven out of ten (70%) indicate they are experiencing difficulties hiring staff.
- ▶ The high cost of doing business (operating costs, labour costs, staff wages and office space costs) is also seen as a challenge and especially to small businesses that do not always have access to venture capital and attractive financing options. Despite the challenges and the uncertainty, just below one-half of the businesses (44%) indicate they plan to expand their operations outside of Alberta, most looking to expand their business within North America.

Key Findings, continued

The business community sees Calgary's growth as challenging, yet positive

- ▶ **Similar to 2007, more than one-half (54%) of businesses in Calgary perceive growth as challenging. One-third (33%) maintain that growth is both challenging and positive, while only a minimal proportion (13%) view growth as positive.**
- ▶ **Concerns about access to skilled labour and infrastructure, including transportation infrastructure and social support infrastructure, that was evident in both 2006 and in 2007 continue to be a factor in 2008. From the business community's point of view, it now appears that these issues are the most important, long-term challenges the city faces as it grows.**

Key Findings, continued

Housing Affordability remains an important concern

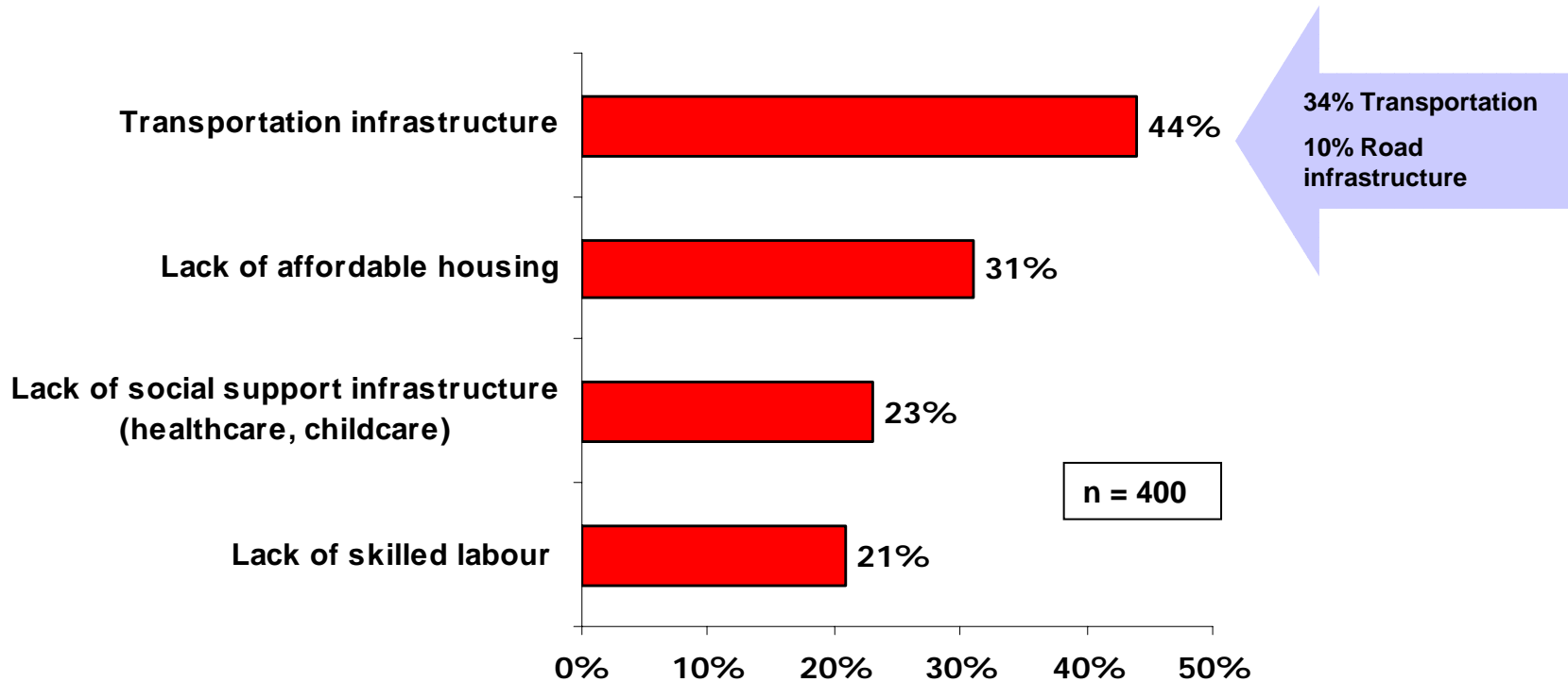
- ▶ From the business community's point of view, "Housing affordability" is still one of the most important issues Calgary is facing this year. Notably, however, the percentage of respondents who maintain this point of view dropped from 59% in 2007 to 31% in 2008.
- ▶ A similar difference is seen in terms of those who view labour shortage as one of most pressing issues Calgary is facing today (42% in 2007 versus 21% in 2008). In fact, the percentage of those very dissatisfied with the issues significantly decreased from last year.

Transportation and Public Transportation seen as increasingly challenging

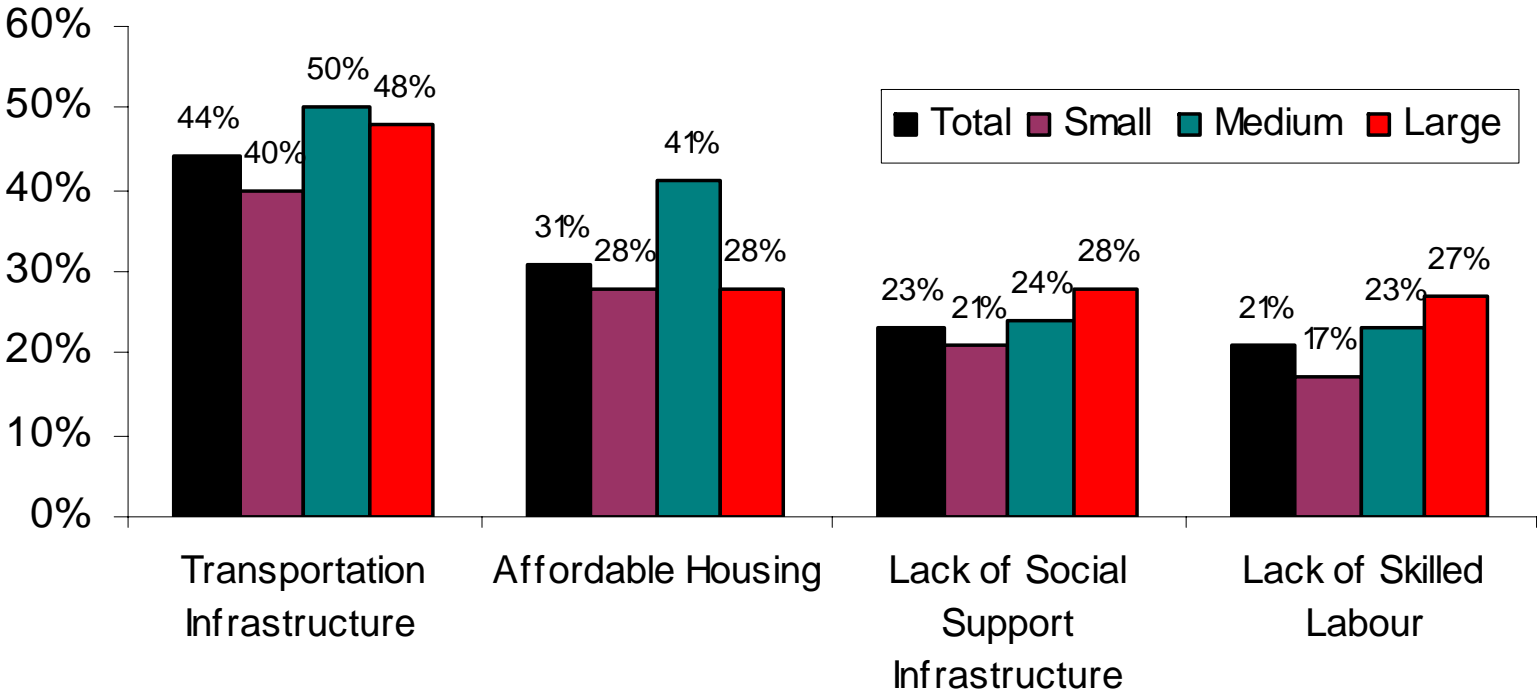
- ▶ Seemingly, the slower pace of the economy has minimized these problems to a degree. At the same time, and despite the perceived slowdown, the business community's dissatisfaction with the issue of transportation infrastructure is increasing. More than one-third of the respondents (35%) indicate low levels of satisfaction with the public transit system; in addition, 44% note that this is one of the most pressing issues Calgary is facing in 2008.

The Top Issues Facing Calgary Today

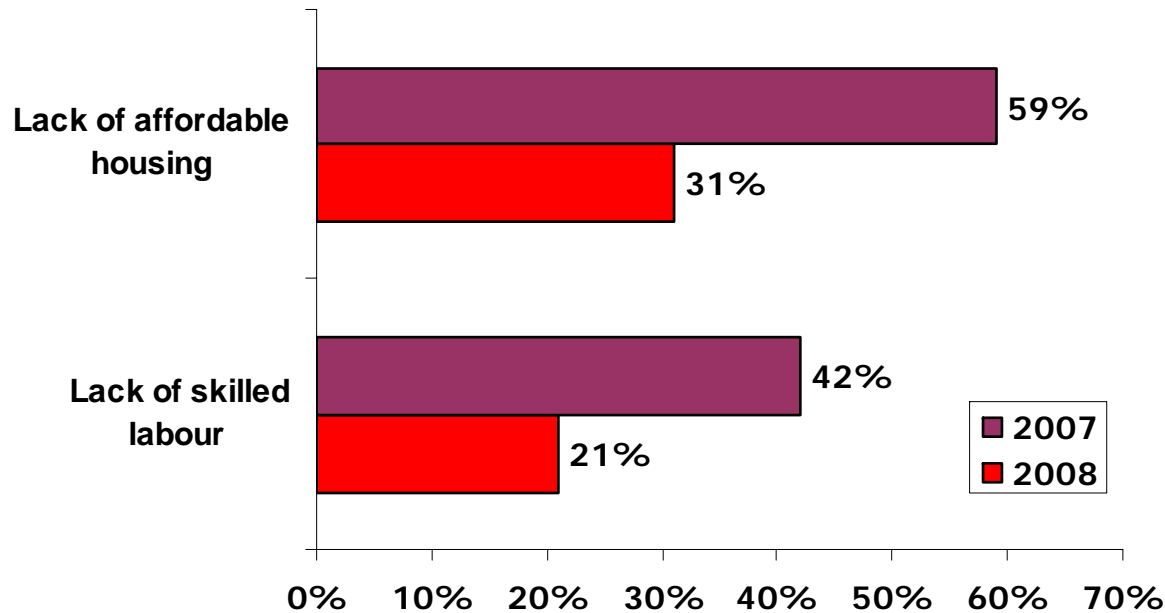
What do you think are the top three most important issues facing Calgary today?



The Top Issues Facing Calgary Today, by Size of Business



Comparison to last year - The Top Issues Facing Calgary in 2007



Note: Due to the fact that “Slow growth of infrastructure” was rated as the third most important issue in 2007, in the 2008 survey, this issue was studied in greater detail. More specifically, 44% rated “Transportation infrastructure” as their number one concern, while 23% maintained that the “Lack of social support infrastructure” is a highly important issue the city is facing today.

The Top Issues Facing Calgary Today

While “*slow growth of infrastructure*” (25%) was one of the top three issues Calgary faced last year, in 2008, just below half of the businesses participating in the survey (44%) cited specifically transportation infrastructure as one of the most important issues facing Calgary today.

Lack of social support infrastructure (access to healthcare, childcare etc.) is also a main concern for nearly a quarter (23%) of the respondents.

The issue of affordable housing remains on the list of priorities this year. Compared to last year (59%), however, a smaller proportion (only 31%) see this as a current concern.

Similarly while four out of ten cited access to skilled labour as a major issue in 2007 (42%), a year later only one fifth mention “*lack of skilled labour*” as one of the most important issues facing Calgary today.

The Top Issues Facing Calgary Today and Their Impact on Economic Development

The top issues facing Calgary today present a challenge as they may negatively affect:

- The economy in Calgary (36%)
- The City's image and reputation (28%), and...
- The quality of life (22%)

Compared to small companies (50 employees or less), a higher proportion of large companies (500+ employees) are concerned that these issues may negatively affect:

- The economy of Calgary (50% vs. 34%)
- The city's reputation (40% vs. 25%)

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)	2007
Access to skilled labour	86% ↓	88%
A high quality of life to attract and retain staff **	82%	**
Access to quality education, skill development and training	81% ↑	70%
Transportation infrastructure: public transit system	78% ↓	84%
Transportation infrastructure: efficient local road network	74% ↓	84%
Housing affordability	74% ↓	75%

****Note that “A high quality of life to attract and retain staff” was a new issue added in the 2008 survey.**

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

- ▶ Consistent with the results from last year, all issues and activities listed in the survey were considered relatively important by Calgary businesses (means between 5.2 and 6.4)
- ▶ “Access to skilled labour” remains the number one priority this year. Two other issues, closely related to the labour problem, “high quality of life to attract and retain staff” (82%) and access to quality education (81%) were rated highly important by more than eight out of ten of the respondents.
- ▶ As in 2007, transportation infrastructure and affordable housing are perceived as two key issues pertaining to economic development.

Other Important Economic Development Issues

Economic Development Issues in Calgary	Very Important (rated 6 or 7 on a 7 point scale)	2007
Competitive business taxes	67% ↑	63%
An environment of innovation and research**	66%	**
Adequate supply and access to cost effective utilities (i.e. power & water)	65% ↑	61%
Air access (incoming and outgoing)	63% ↓	66%
Minimizing environmental impact**	62%	**

The following were still seen as important, but lower priority issues. When compared to last year, no significant differences were observed. The issues of industrial and office space, access to venture capital and streamlined processes for building permits and approvals were deemed important by roughly one half of the businesses in the survey.

**** Note that “Minimizing environmental impact” and “An environment of innovation and research” were new items added to the 2008 survey.**

Significant differences observed in the data

- ▶ In general, the issues of labour shortage, business taxes and access to quality education represent a bigger problem for large companies with more than 500 employees than businesses 50 employees or less. Compared to small companies (<50 employees) large companies (500+ employees) are more likely to believe that the following issues and activities are “very important” for economic development in Calgary (ratings of 6 or 7):
 - ▶ “Access to skilled labour” (95% versus 86%);
 - ▶ “Competitive business taxes” (42% vs. 25%) ; and,
 - ▶ “Access to quality education and professional development programs” (90% vs. 81%)
- ▶ At the same time, small companies are more concerned with access to venture capital, industrial and office space available for lease than large businesses. 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” (28% vs. 13%);
 - ▶ “Industrial space available for lease” (18% vs. 8%) ;
 - ▶ “Office space available for lease” (22% vs. 8%) and,
 - ▶ “Environment of innovation and research” (44% vs. 28%)

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)	Ratings between 3 and 5	Very Dissatisfied (rating 1 or 2)	Difference (Very satisfied – very dissatisfied)
Access to quality education, skill development and training	36%	59%	4%	32%
A high quality of life to attract and retain staff	28%	62%	9%	19%
Access to skilled labour	9%	72%	15%	- 6%
Transportation infrastructure: efficient local road network	15%	62%	23%	- 8%
Transportation infrastructure: public transit system	9%	54%	35%	- 26%
Housing affordability	8%	57%	34%	- 26%

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 Dissatisfied (rating 1 or 2)	Mean score
Access to quality education, skill development and training	36% vs. 31%*	4% vs. 9%*	5.0
A high quality of life to attract and retain staff **	28%	9%	4.6
Access to skilled labour	9% vs. 7%*	15% vs. 29%*	3.8
Transportation infrastructure: efficient local road network	15% vs. 8%*	23% vs. 29%*	3.8
Transportation infrastructure: public transit system	9% vs. 8%*	35% vs. 29%*	3.3
Housing affordability	8% vs. 3%*	34% vs. 48%*	3.2

**2007 percentages.*

*** Note that this issue was not included in the 2007 CED Business Survey*

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

Satisfaction with “access to quality education, skill development and training” and “quality of life to attract and retain staff” appear to be strong in 2008.

“Access to skilled labour”, is still considered one of the most important issues to economic development, and while the number of respondents highly satisfied with the issue has not changed much, the percentage of those very dissatisfied with the issue decreased from 29% last year to 15% in 2008.

“Housing Affordability” which was a number one concern in 2007 has improved to a degree (mean of 3.2 out of 7 compared to 2.7 last year). Yet, only 8% are highly satisfied with the issue in 2008.

The gap between the business community’s satisfaction and dissatisfaction with the issue of transportation infrastructure is increasing in a negative way, more than a third of the respondents (35%) indicate strong dissatisfaction (rating 1 or 2 out of 7) with the public transit system.

Satisfaction With Other Important Economic Development Issues and Activities in Calgary

Economic Development Issues and Activities in Calgary	Very satisfied (rating 6 or 7)	Ratings between 3 and 5	Very dissatisfied (rating 1 or 2)	Difference (Very satisfied – very dissatisfied)
Competitive business taxes	17%	64%	10%	7%
An environment of innovation and research	21%	62%	9%	12%
Adequate supply and access to cost effective utilities (i.e. power & water)	21%	64%	9%	12%
Air access (incoming and outgoing)	47%	46%	2%	45%
Minimizing environmental impact**	10%	64%	21%	- 11%

Satisfaction With Other Important Economic Development Issues and Activities in Calgary

Economic Development Issues and Activities in Calgary	Very satisfied	Very dis-satisfied	Mean score
Competitive business taxes	17% vs. 22%*	10% vs. 7%*	4.3
An environment of innovation and research **	21%	9%	4.4
Adequate supply and access to cost effective utilities (i.e. power & water)	21% vs. 23%*	9% vs. 6%*	4.5
Air access (incoming and outgoing)	47% vs. 52%*	2% vs. 2%*	5.4
Minimizing environmental impact**	10%	21%	3.7

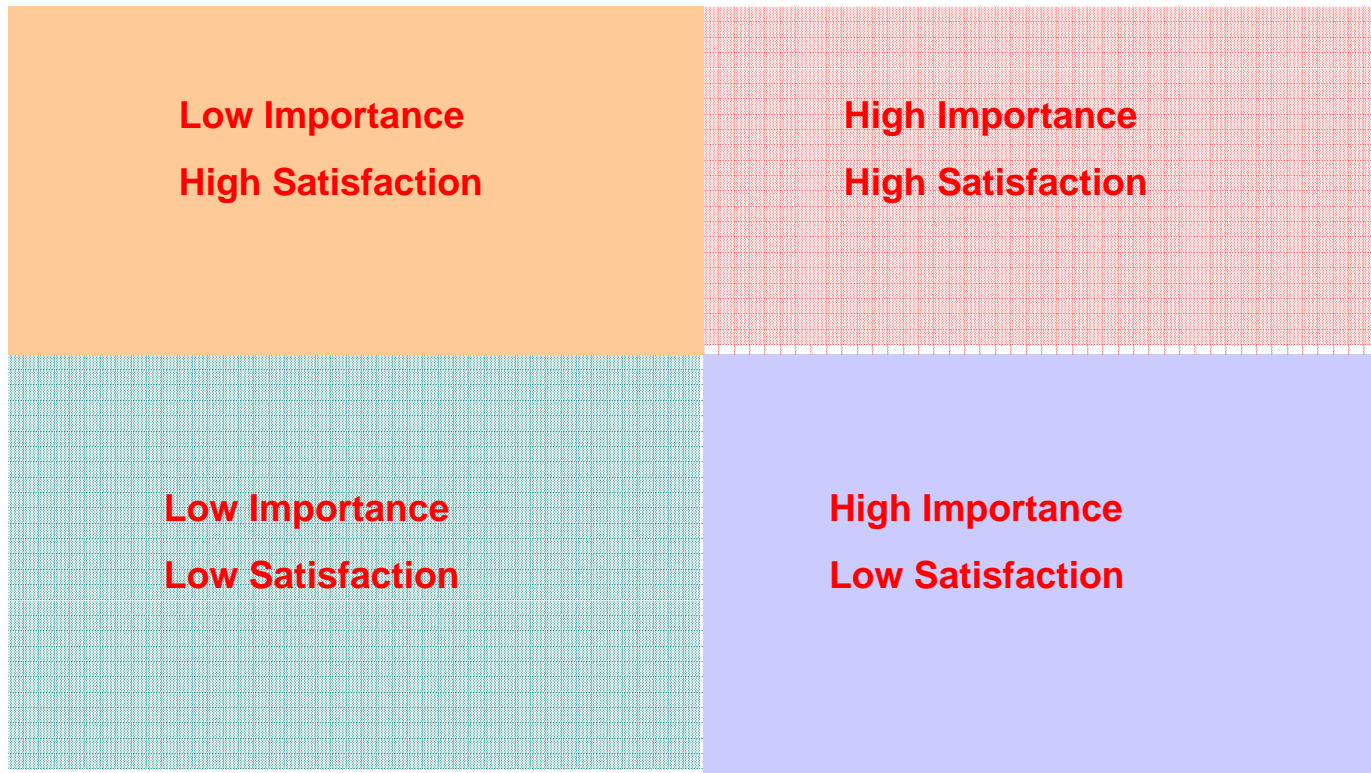
**2007 percentages.*

*** Note that this issue was not included in the 2007 CED Business Survey*

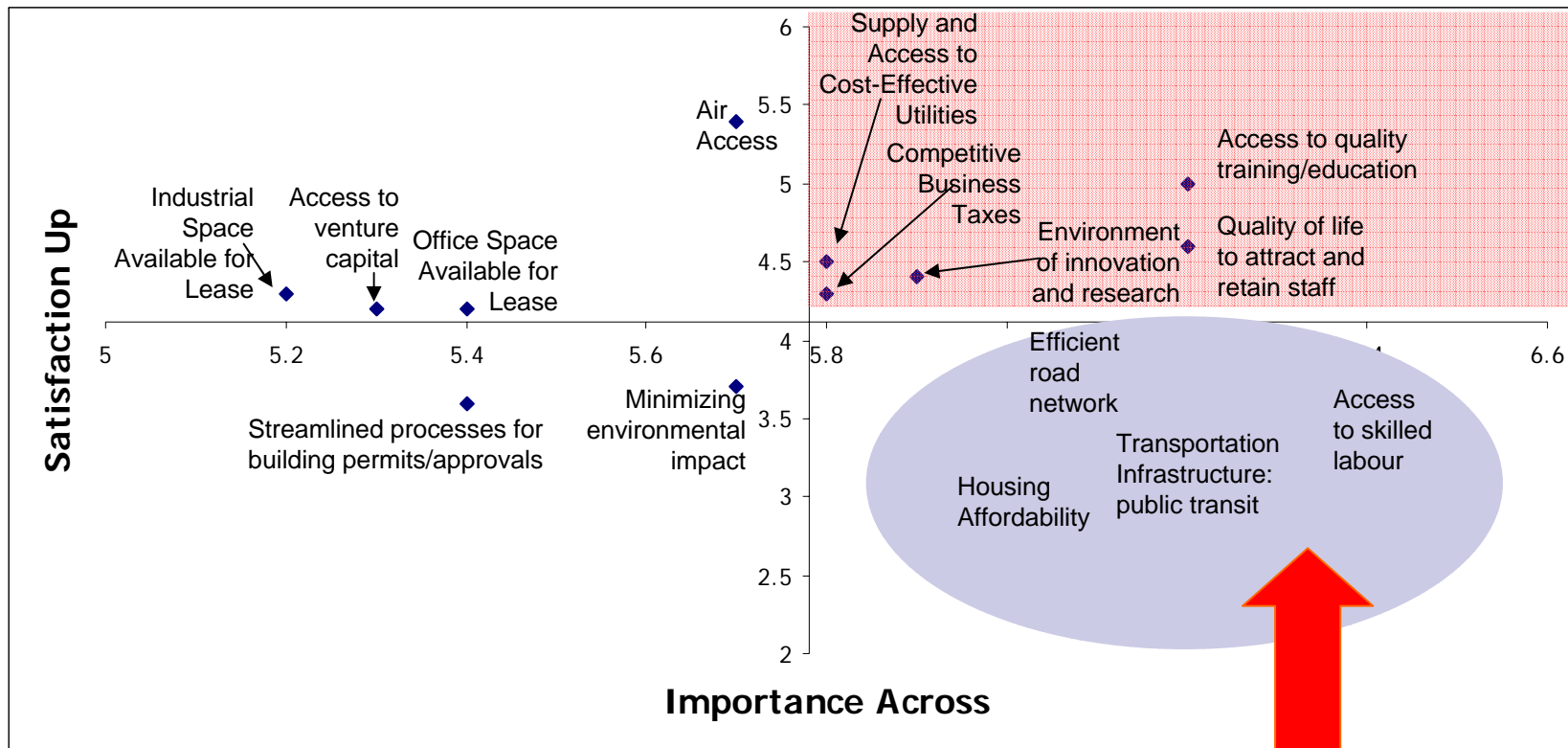
Significant differences observed in the data

- ▶ Compared to smaller sized businesses with 51 to 500 employees and especially to businesses with less than 50 employees a higher proportion of large companies (500+ employees) indicate satisfaction with most aspects pertaining to economic development in Calgary. These include:
 - ▶ “Access to skilled labour” (mean 4.2 vs. 3.8 and 3.6 small and medium companies);
 - ▶ “Access to venture capital”(mean of 4.6 vs. 4.0 small companies);
 - ▶ “Competitive business taxes” (mean 4.5 vs. 4.1 small companies)
 - ▶ “Access to quality education and professional development programs” (18% versus 6% and 5% small and medium companies respectively)
 - ▶ “Industrial space available for lease” (mean 4.7 vs. 4.3 and 4.2 small and medium companies);
 - ▶ “Office space available for lease” (mean 4.7 vs. 4.1 and 4.2 small and medium companies);
 - ▶ “Housing Affordability” (3.6 versus 2.9 medium companies)
- ▶ While small companies (< 50 employees) are more likely to indicate that “Access to venture capital” is very important to economic development, large businesses (500+ employees) were more satisfied with this aspect. This is true for two other issues as well: industrial and office space available for lease.

Importance Versus Satisfaction (Issues and Activities)



Importance Versus Satisfaction (Issues and Activities)



The intercepts on this table are the overall mean scores for the importance variables and satisfaction variables.

High Importance – Low Satisfaction

Importance Versus Satisfaction (High Importance – High Satisfaction)

The intercepts on the table on the previous slide represent the overall mean scores for the importance variables and satisfaction variables. The following are items in the high importance - high satisfaction zone:

- Access to quality training/education (importance 6.2 vs. satisfaction 5.0)
- Quality of life to attract and retain staff (importance 6.2 vs. satisfaction 4.6)
- Environment of innovation and research (importance 5.9 vs. satisfaction 4.4)
- Supply and Access to Cost-Effective Utilities (importance 5.8 vs. satisfaction 4.5)
- Competitive Business Taxes (importance 5.8 vs. satisfaction 4.3)

Importance Versus Satisfaction (Need Improvement)

Items in the high importance - low satisfaction zone are what businesses are considering priorities pertaining to Calgary's economic development.

- Access to skilled labour (importance 6.4 vs. **6.4***, satisfaction 3.8 vs. **3.4***)
- Transportation infrastructure^{**}: public transit (importance 6.1 vs. **6.3***, satisfaction 3.3 vs. **3.5***)
- Transportation infrastructure: efficient road network (importance 6.0 vs. **6.2***, satisfaction 3.8 vs. **3.5***)
- Housing affordability (importance 6.0 vs. **6.1***, satisfaction 3.2 vs. **2.7***)

**2007 percentages.*

*** Note that the issue of transportation infrastructure was studied in more detail in the 2008 CED business survey - public transit and road network.*

Calgary as a location for business expansion and investment

Aspects	Strongly Agree (6 or 7)	Strongly disagree (1 or 2)	Mean Score	Mean Score 2007
Strong growing economy	66%	2%	5.8	6.2
Direct air access to major global business centers	53%	3%	5.4	5.4
High degree of consumer confidence	46%	3%	5.1	5.5
Appeals to organizations as a good place to do business	41%	3%	5.1	5.9*
Strong communications/technology infrastructure	34%	2%	5.0	5.4
Access to post-secondary education and professional development programs	29%	6%	4.8	4.7
Skilled labour force that can support business expansion	31%	8%	4.7	4.1

Worded differently in the 2007 Business Survey – as “Positive business climate”

Calgary as a location for business expansion and investment

Most aspects mentioned in the survey received a mean score of above 4 meaning that in general, businesses perceive Calgary as a appealing location for business expansion and investment. The biggest strengths being strong growing economy and the direct air access to global business centers and high degree of consumer confidence.

Aspects	Strongly Agree (6 or 7)	Strongly disagree (1 or 2)	Mean Score	Mean Score 2007
Efficient road network	10%	22%	3.7	3.9
Diverse economy	11%	22%	3.7	4.3
Low cost of doing business	6%	38%	3.1	3.6

If there are any issues that may serve as a deterrent to businesses planning to expand or invest in Calgary these are: inefficient road network (mean 3.7 vs. **3.9***), lack of a diverse economy (mean 3.7 vs. **4.3***) and the high cost of doing business (mean 3.1 vs. **3.6***). These three concerns were noted in the last year’s survey as well.

This year, the percentage of people who rate Calgary “strong” for its growing economy is still high (66%) however lower compared to 2007 (81%) and 2006 (91%).

** 2007 mean scores where applicable*

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

- ▶ Compared to smaller businesses with 51 to 500 employees and especially to businesses with less than 50 employees, large companies (500+ employees) are more likely to view Calgary as a location good for business expansion and investment.
 - ▶ “Competitive tax rates” (mean 4.7 and 4.8 for medium size companies versus 4.4 for small companies);
 - ▶ “Consumer confidence”(mean of 5.6 vs. 5.1 and 5.2 small and med. companies);
 - ▶ “Skilled labour force” (mean 5.1 vs. 4.7 and 4.5 small and med. companies)
 - ▶ “Access to financing...” (mean of 4.8 vs. 4.1 small companies)
 - ▶ “Access to post-secondary education...” (5.1 vs. 4.7 and 4.8 small and medium companies respectively);
- ▶ Compared to businesses with more than 500 employees (18%), a higher proportion of businesses with 51 to 500 employees (32%) disagree that there is a low cost of doing business in Calgary.
- ▶ Nearly a third of the large businesses (32%) strongly disagree that Calgary has a diverse economy (compared to 16% of the small and 14% of the medium companies).

Quality of life – the strongest driver of the city’s image

When analyzing the results from the business survey in 2007, Leger Marketing used a technique called Scanner Analysis to determine the strongest drivers of the city’s image.

Quality of life was determined to be the strongest driver of the city’s image and *“a major recruitment tool used by businesses to attract new employees and develop business relationships.”*

Not surprisingly, quality of life appeared strongly correlated with other attributes like a vibrant downtown, access to healthcare, culture and arts as well as entertainment. This fosters a positive living environment and leads to enhanced productivity and ultimately a better quality of life for employees.

Last year the “Quality of life” aspect was rated high by fewer members of the business community compared to last year (55% versus 68% in 2007)

For this reason, a section was added to the 2008 CED Business Survey - a section examining aspects related to the overall quality of life in the city.

Calgary rated for its quality of life

Aspects	Strongly Agree (6 or 7)	Strongly disagree (1 or 2)	Mean Score
Large, accessible green spaces	43%	5%	5.1
Cleanliness	37%	5%	5.0
A wide variety of educational options	37%	2%	5.0
Abundance of recreation and leisure options	36%	5%	4.8
Quality urban amenities and services	31%	7%	4.8
A diverse and multicultural city	31%	5%	4.8
Safety and security	33%	8%	4.7

The city rating for its overall quality of life in 2007 was 5.4.

Calgary rated for its quality of life

Aspects	Strongly Agree (6 or 7)	Strongly disagree (1 or 2)	Mean Score
Dynamic cultural and arts scene	17%	14%	4.1 vs. 4.5*
Accessible health care	15%	27%	3.7 vs. 4.3*
Appealing architecture	10%	24%	3.6
High quality public transit system	9%	27%	3.5
Vibrant inner city	9%	30%	3.4
Easily accessible elderly care	3%	21%	3.1
Easily accessible childcare	3%	28%	3.0
Affordable housing	4%	48%	2.8 vs. 2.6*

Note that this question was worded differently in the 2008 survey and there is no real base for comparison except for the following aspects: arts and culture (4.5), accessible health care (4.3) and affordable housing (2.6).

Calgary rated for its quality of life (continued)

- ▶ In general, compared to smaller businesses with 51 to 500 employees and businesses with less than 50 employees, large companies (500+ employees) are more likely to view Calgary as place that has a good quality of life. Specific aspects rated higher by large companies include:
 - ▶ “Quality urban amenities and services” (43% vs. 25% of the small and 35% of the medium size companies rated this aspect with 6 or 7);
 - ▶ “Accessible health care”(23% vs. 9% for medium size companies);
 - ▶ “Affordable housing” (8% vs. 1% of med. companies and 2% of the small businesses)
 - ▶ “Educational options” (45% vs. 32% of the small sized companies)

The Scanner Analysis

Overall, businesses perceive Calgary as an appealing location for business expansion and investment and rated this aspect with 5.9 (out of 7). The reasons behind this perception were further studied.

Similar to last year, a regression analysis was conducted to determine what makes Calgary an appealing place to do business. The regression model produced five significant drivers. The results show that what makes people perceive Calgary as a good place to do business is its *strong growing economy, international awareness about the city as well as the high degree of consumer confidence*. Factors such as *skilled labour force and economic diversity* also play a significant role in this perception.

Further, a separate regression was run, this time testing the quality of life factors and their relation to the same dependent variable - perception of Calgary as a place to do business. Among these, *wide variety of education options and housing affordability* appear to be the most important factors followed by *vibrant inner city, cleanliness and diversity*. As businesses are looking to retain and attract a skilled labour force, quality of life aspects are considered highly important.

The Scanner Analysis

In 2007, many of these factors appeared to be strongly related to the overall image of the city. Quality of life, international awareness about Calgary, economic diversity, consumer confidence and strong growing economy were reasons why business people had a strong average opinion of the city's image (5.5 out of 7).

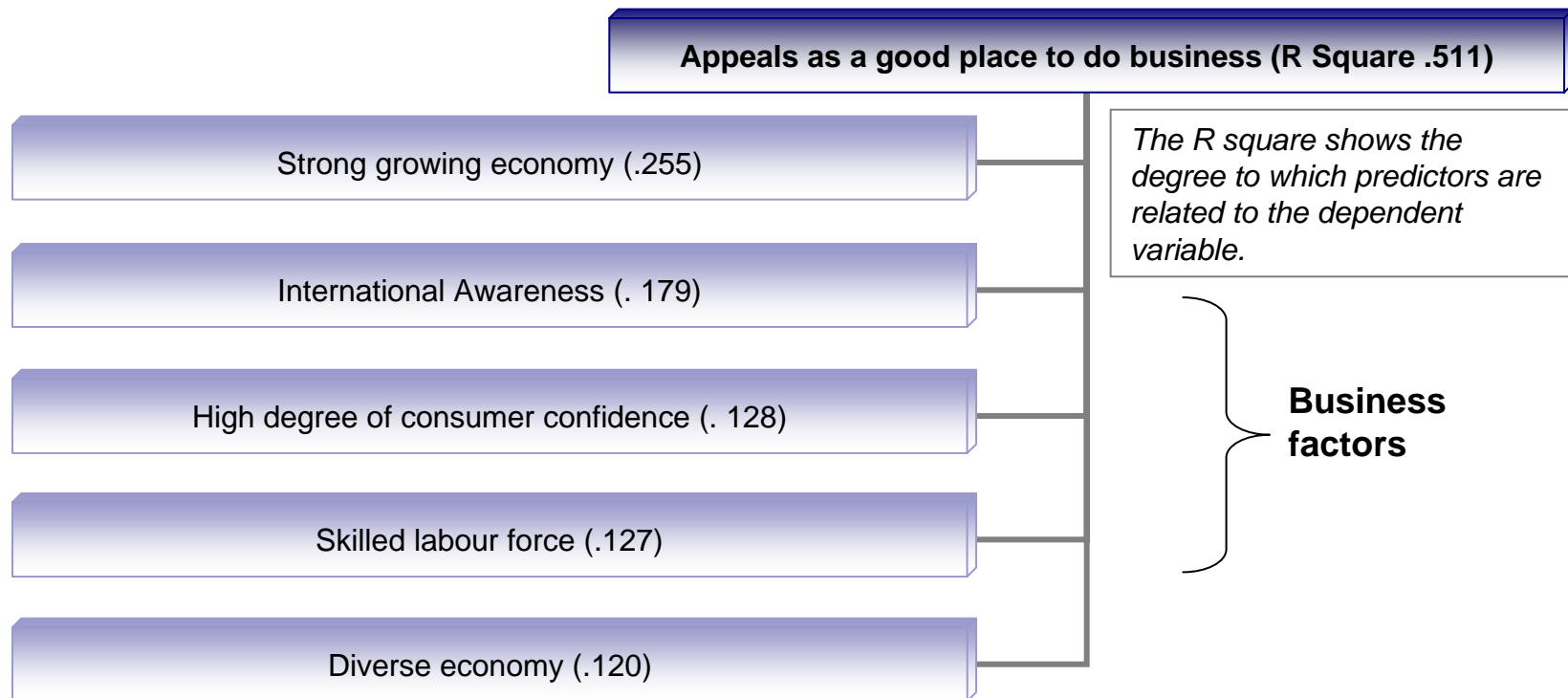
It should be noted that two of the factors that play a significant role in the Calgary business climate reputation remain top concerns this year. These are housing affordability and access to skilled labour. And while access to skilled labour received an average rating (4.1 out of 7) the issue of affordable housing was rated below average (2.8) showing no significant improvement from last year (2.6). Another factor that received below average rating was economic diversity (3.7) meaning that Calgary is still perceived by many businesses as an oil and gas city.

These issues need immediate attention as they jeopardize Calgary's image and how businesses perceive Calgary as a location for business expansion and investment.

The regression results are graphically displayed on the next two slides.

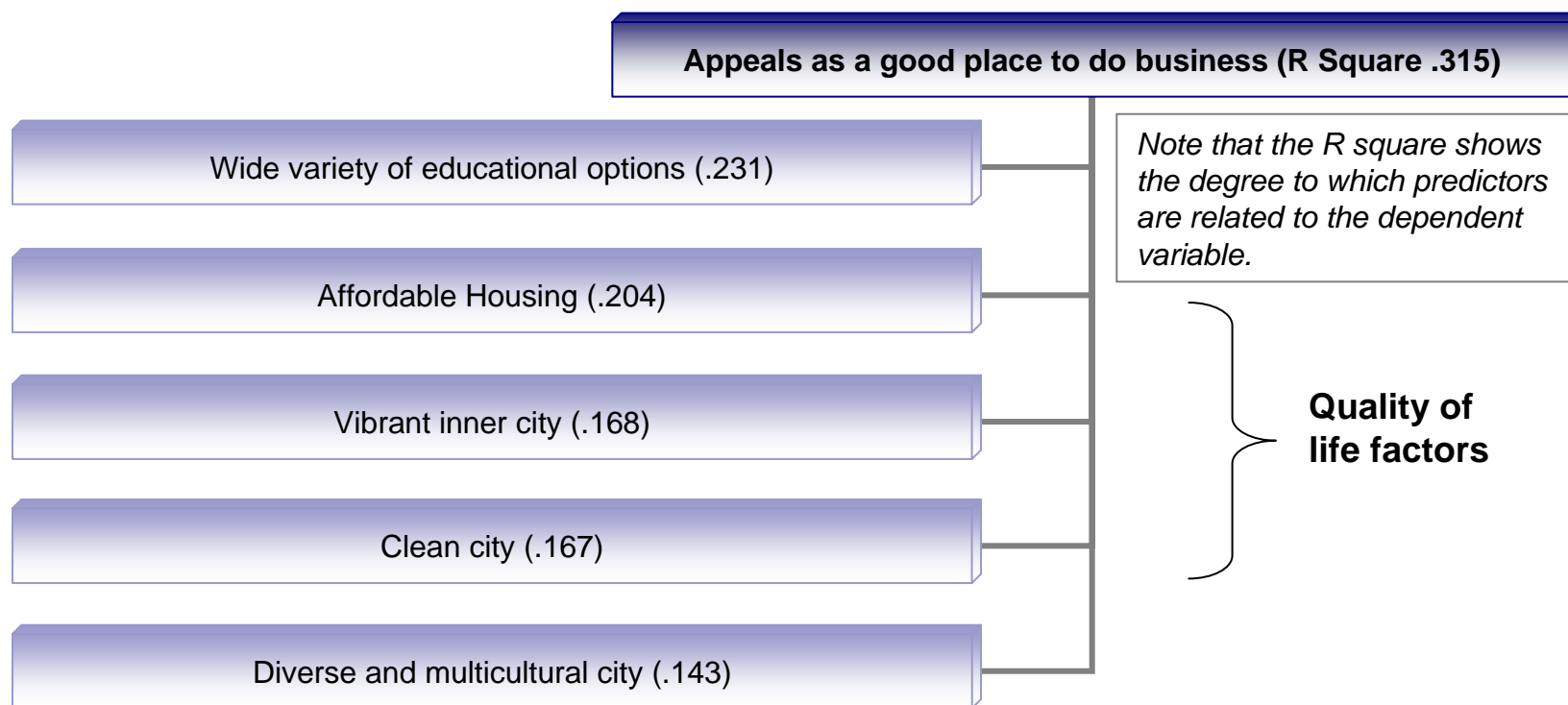
The Overall Scanner

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.

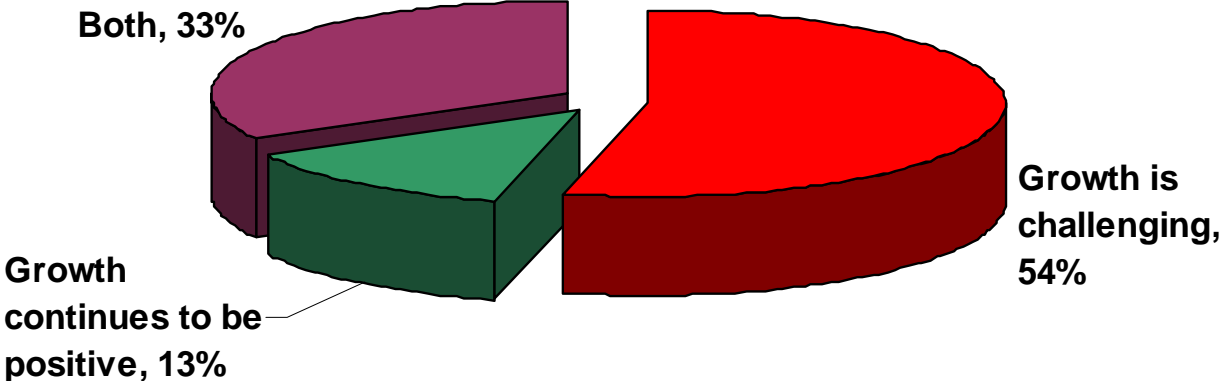


The Overall Scanner

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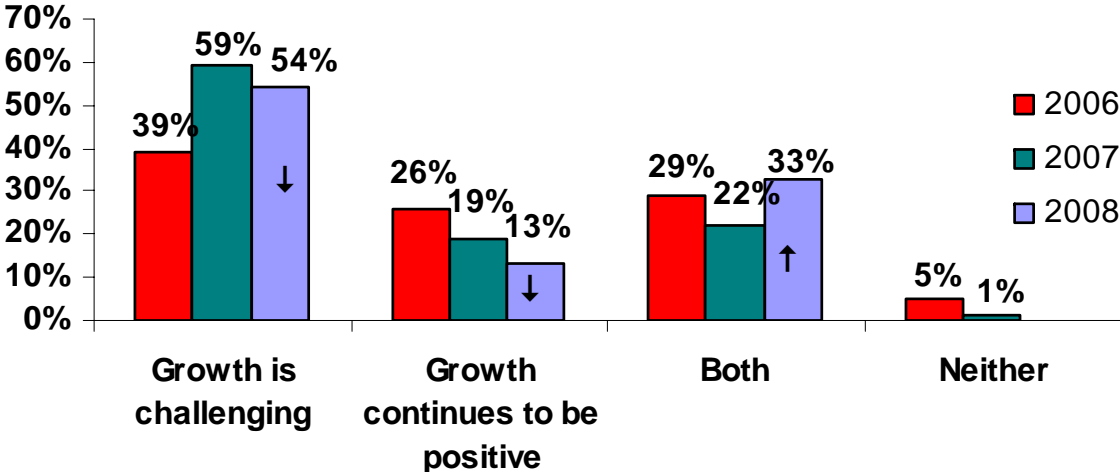


Calgary's Growth – positive or challenging?



No significant differences among the subgroups were observed.

In 2008 Calgary's Growth is seen as...



Note that the 2008 Business Survey allowed for three responses: challenging, positive or both.

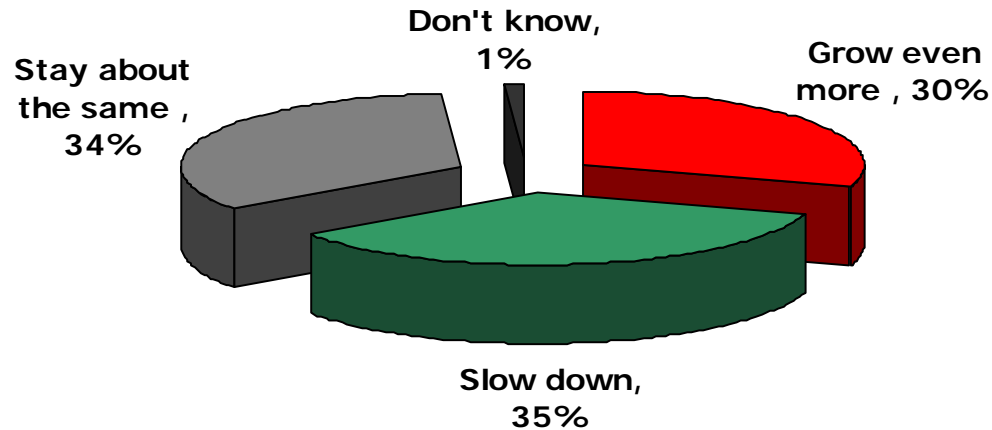
Aspects that make Calgary's Growth challenging include...

- ▶ Lack of planning / infrastructure to accommodate growth (43%)
- ▶ Lack of social support infrastructure (healthcare, childcare) (23%)
- ▶ And to a lesser degree:
 - ▶ Unaffordable housing (17%)
 - ▶ Overall quality of life (17%)
 - ▶ Increasing costs of doing business (12%)
 - ▶ Labour issues / shortages (12%)
 - ▶ Environmental issues (10%)
 - ▶ Lack of economic diversity (8%)

Note that this was a multiple response question. Results are based on comments provided by 60% of the respondents.

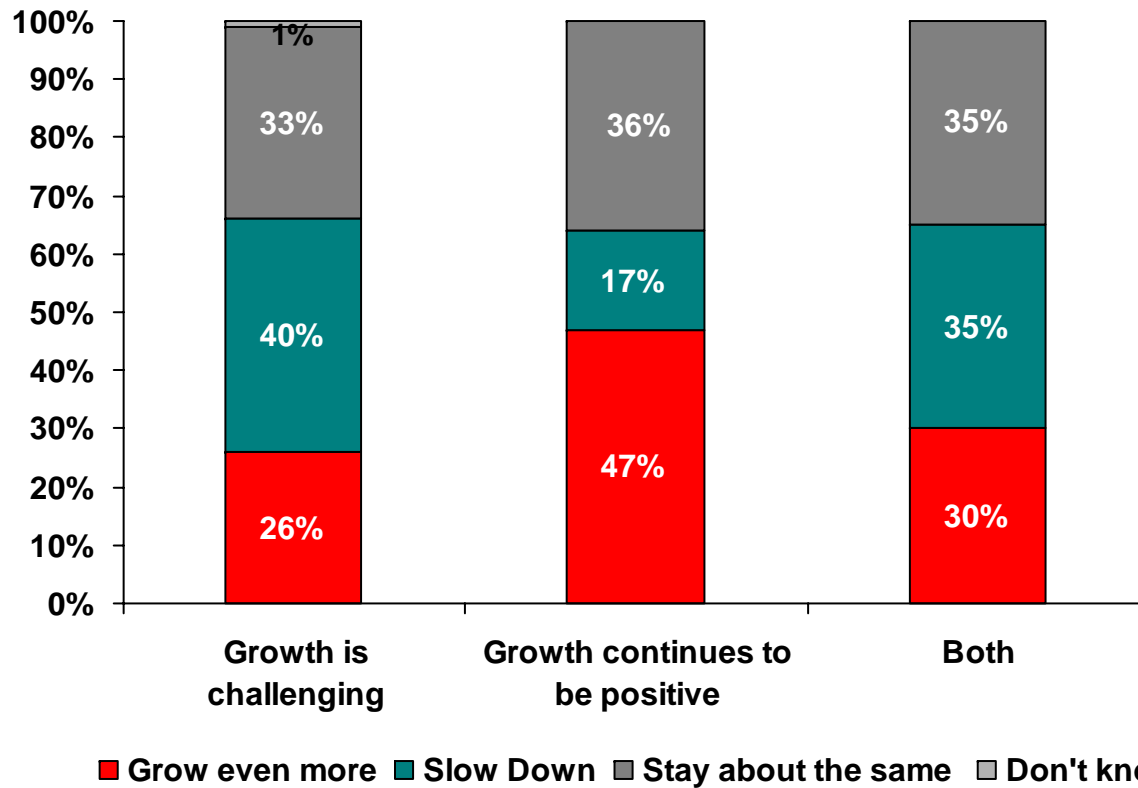
Calgary's economy in the near future

▶ *“Thinking about Calgary’s growth, and based on what you may have read, seen or heard, do you expect Calgary’s economy to grow even more, slow down, or stay about the same in the next twelve months?” [n=400]*



No significant differences among the different size businesses were observed.

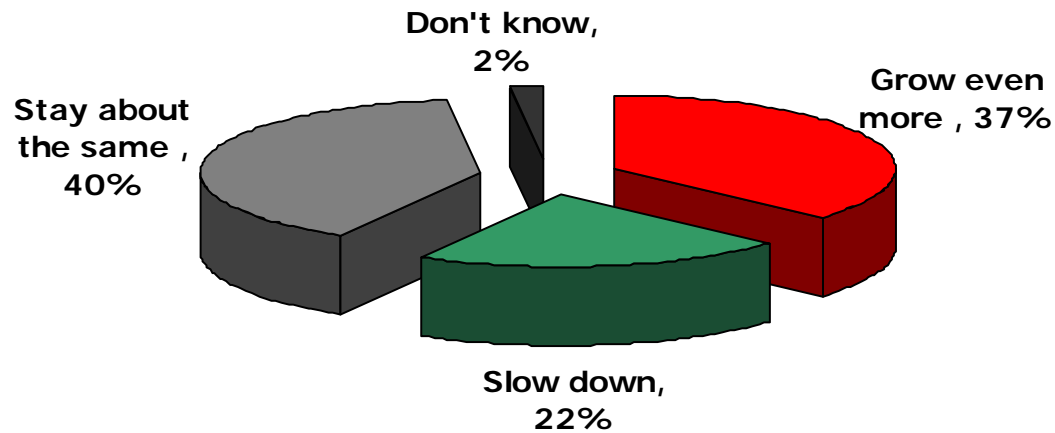
Predictions about the future of the economy



Businesses who maintain that growth is challenging are more likely to believe that the economy is going to stay the same (40%) or even slow down (33%). At the same time, nearly half (47%) of those who describe growth as positive say that the economy will grow even more.

The future of respondents' industry/sector

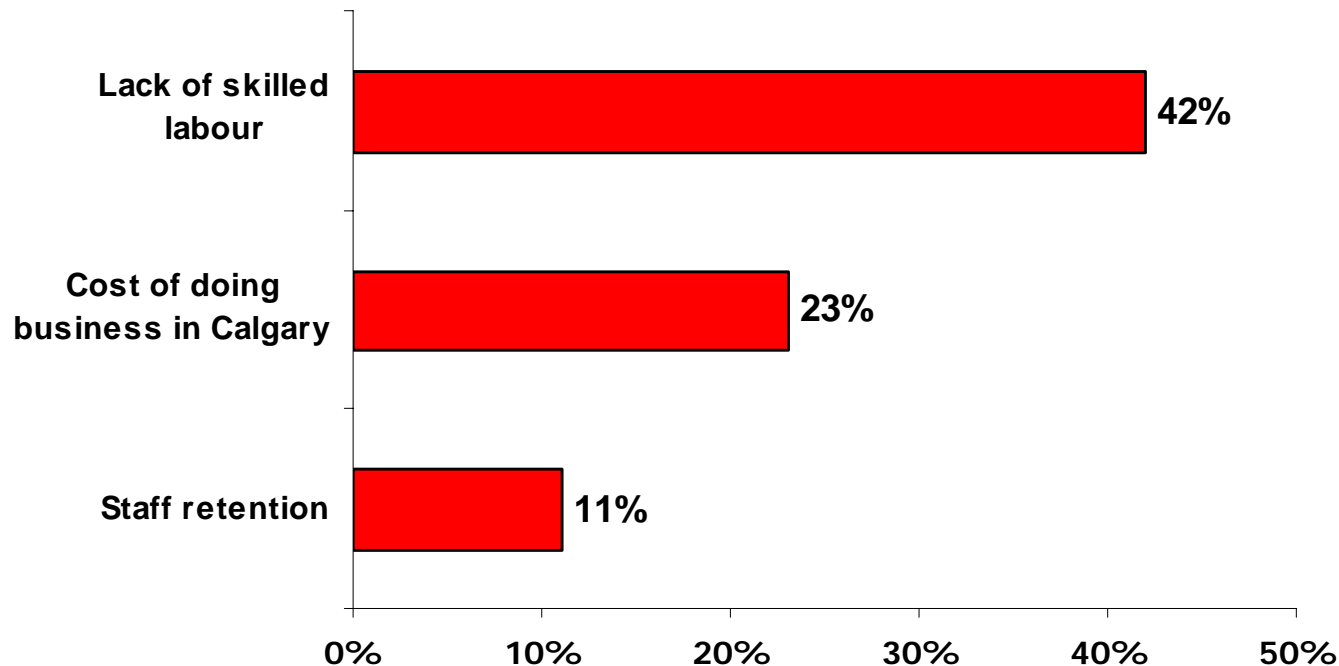
▶ *“Thinking about you own industry or sector, do you expect it to grow even more, slow down, or stay about the same in the next twelve months?” [n=400]*



The future of respondents' industry/sector

Sectors	Total answering	Grow More	Slow Down	Stay the same	Don't know
Information Technology	n = 33	52%	18%	30%	-
Business/Advisory Services	n = 64	34%	14%	50%	2%
Financial Services	n = 28	25%	25%	50%	-
Transportation and Logistics	n = 17	29%	41%	29%	-
Manufacturing	n = 19	42%	32%	21%	5%
Film/TV	n = 10	40%	20%	40%	-
Real Estate	n = 35	26%	57%	17%	-
Energy	n = 41	42%	10%	49%	-
Education/HR/Labour Development	n = 30	53%	13%	30%	3%
Creative Industries	n = 10	17%	25%	58%	-
Health and Wellness	n = 12	70%	-	30%	-

Top three issues confronting their business?



Labour shortages and the high cost of doing business in Calgary (operating costs 10%, labour costs 8%, office space 5%) appear to be the two most pressing issues businesses are facing this year. Difficulties with staff retention are also evident. The high cost of living in Calgary and the slow growth of infrastructure only deepen these problems.

Compared to small companies (36%) a higher proportion of medium size (49%) and especially large businesses (63%) mention the lack of skilled labour as their number one concern.

How companies deal with the issue of labour shortage

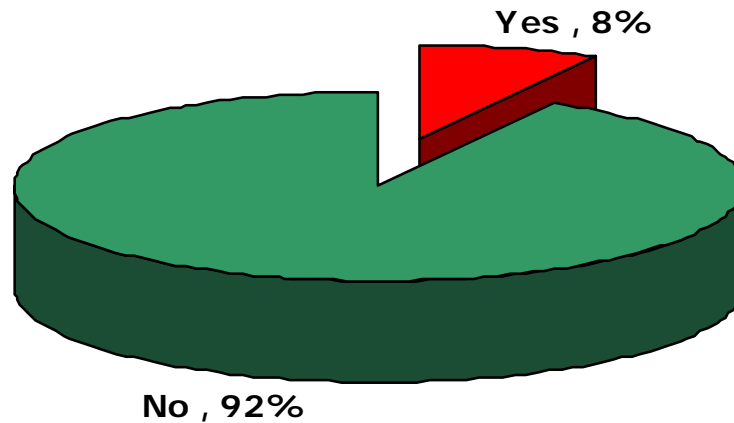
- ▶ **73% of the businesses participating in the survey indicate they are experiencing worker or employee shortages. [n=400]**
 - ▶ **Compared to small companies (67%) large businesses with more than 500 employees (87%) are significantly more likely to indicate that they experience worker shortages.**
- ▶ **83% expect to hire new employees in the next twelve months. [n=400]**
 - ▶ **Compared to small companies (76%), medium size businesses (93%) and large businesses with more than 500 employees (98%) are significantly more likely to indicate that they expect to hire employees in the next twelve months.**
- ▶ **70% are experiencing difficulties hiring staff [n=400]**
 - ▶ **Compared to small companies (61%), medium (82%) and large businesses (82%) are significantly more likely to indicate that they experience difficulties hiring staff.**
- ▶ **72% are changing the way they operate in order to keep staff (telework, flexible work schedules, additional or attractive benefits) [n=400]**
- ▶ **37% note that they are planning to introduce a telework program in the next twelve months [n=400]**

Plans to conduct business outside of Alberta

- ▶ **75% indicate that they currently conduct business outside of Alberta. [n=400]**
- ▶ **44% are planning to expand their operations to conduct business outside of Alberta in the next 12 months. [n=400]**
 - ▶ **Compared to small companies (41%), medium size businesses (56%) are significantly more likely to indicate that they plan to conduct business outside of Alberta in the next twelve months.**
- ▶ **Nearly two thirds of those planning to expand their operations outside of Alberta (64%) plan to expand within Canada and half (49%) within North America. Other mentions included to Europe (25%), Asia (19%), Middle East (16%), Central and South America (14%) and Africa (11%).**
 - ▶ **Compared to large companies, a higher proportion of small businesses indicate that they plan to expand their business within North America (55% vs. 30%) and Europe (36% vs. 15%).**

“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=400]



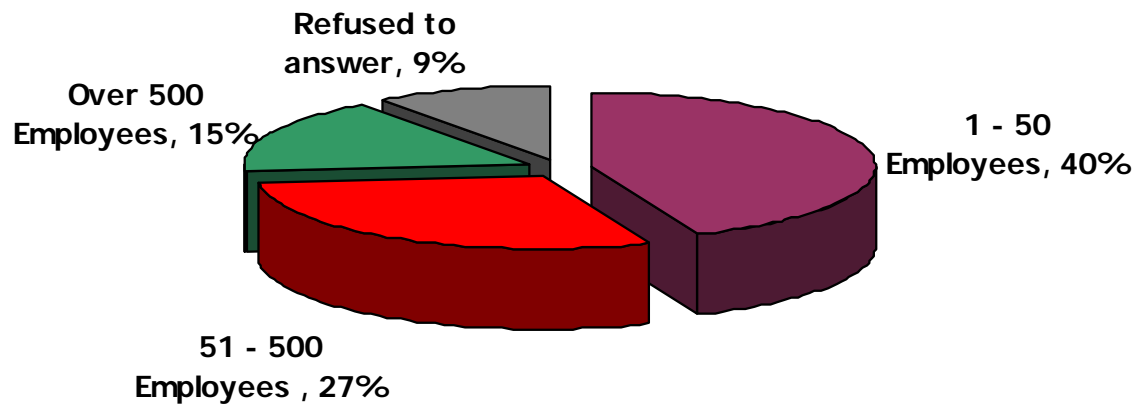
Respondent Demographics: Company size

▶ *“How many people work for your company in the Calgary office (s)?” [n=400]*

1 - 10 employees	24%
11 - 20 employees	11%
21 – 50 employees	15%
51 - 100 employees	8%
101 - 500 employees	19%
Over 500 employees	15%
Don't know/No response	9%

Respondent Demographics: Company Size

▶ “How many people work for your company in the Calgary office (s)?” [n=400]



Respondent Demographics: Title

▶ *“What is your title?” (multiple responses allowed) [n=400]*

Company President	28%
Business Owner	26%
Business Development / Sales	39%
Marketing / PR	41%
Human Resources	19%
Research/ Business Intelligence	30%
Facility Operations & Management	19%
Corporate Strategic Planning	38%
Finance and Accounting	16%
Site selection or relocation	10%
Business Investment Planning	14%
Government Relations	18%
Other	24%
Refused / No response	7%

Respondent Demographics: Industry

▶ *“What business sector would you say your company falls under?” [n=400]*

Business, Financial, Advisory Svc	16%
Education/ HR / Labour Development	8%
Financial services	7%
Energy	10%
Information and Comm. Technology	8%
Manufacturing	5%
Real Estate	9%
Transportation and Logistics	4%
Film/Creative Industries	9%
Other	24%
Refused / No response	4%

Summary and conclusions

- ▶ Although Calgary's economy is considered strong, many see it softening when compared to previous years. Predictions about the future of the economy are mixed. Similar to last year, more than half of the businesses in Calgary perceive growth as challenging due to concerns about access to skilled labour, transportation infrastructure and social support infrastructure.
- ▶ Despite the challenges and the uncertainty, Calgary is seen as an appealing location for business expansion and investment; the biggest strengths being the strong growing economy, direct air access to global business centers and high degree of consumer confidence. If there are any issues that may serve as a deterrent to businesses planning to expand or invest in Calgary these are: inefficient road network, lack of a diverse economy and above all, the high cost environment. These three concerns were noted in the last year's survey as well.
- ▶ Overall, the city is perceived to have a stable business climate, access to quality education, skill development and professional training and high quality of life to attract and retain labour. Yet, housing affordability and access to skilled labour remain top concerns this year. And while access to skilled labour received an average rating, the issue of affordable housing was rated below average showing no significant improvement from last year.
- ▶ Seemingly, the slower pace of the economy, the more sustainable growth have minimized these problems to a degree, yet they jeopardize Calgary's economy and image as a location for business expansion and investment.

Importance of Key Issues

IMPORTANCE		Not important					Very Important		Don't Know
		1	2	3	4	5	6	7	
A.	Streamlined processes for building permits and approvals	4%	4%	5%	13%	15%	19%	34%	7%
B.	Access to skilled labour	1%	1%	2%	1%	10%	22%	65%	-
C.	Access to venture capital	3%	3%	5%	11%	26%	26%	22%	6%
D.	Minimizing environmental impact	1%	2%	5%	8%	23%	27%	35%	1%
E.	Competitive business taxes	1%	1%	3%	9%	18%	30%	37%	1%
F.	Adequate supply and access to cost effective utilities (i.e. power & water)	-	-	5%	7%	22%	36%	32%	2%
G.	Transportation infrastructure: efficient local road network	1%	1%	3%	6%	15%	30%	44%	1%
H.	Transportation infrastructure: public transit system	1%	1%	3%	5%	12%	27%	51%	1%
I.	Air access (incoming and outgoing)	1%	2%	4%	8%	21%	30%	33%	2%
J.	Access to quality education, skill development and training	1%	-	2%	5%	12%	31%	50%	-
K.	Industrial space available for lease	4%	3%	4%	15%	24%	29%	17%	5%
L.	Office space available for lease	2%	1%	4%	14%	24%	34%	20%	2%
M.	A high quality of life to attract and retain staff	1%	-	1%	3%	13%	33%	49%	1%
N.	Housing affordability	1%	1%	2%	7%	16%	29%	45%	-
O.	An environment of innovation and research	1%	1%	3%	6%	23%	31%	36%	1%

Satisfaction with Key Issues

SATISFACTION		Very Dissatisfied					Very Satisfied		Don't Know
		1	2	3	4	5	6	7	
A.	Streamlined processes for building permits and approvals	10%	9%	13%	18%	14%	6%	3%	28%
B.	Access to skilled labour	5%	10%	26%	27%	19%	7%	3%	4%
C.	Access to venture capital	4%	6%	12%	20%	18%	11%	3%	27%
D.	Minimizing environ. impact	10%	11%	20%	25%	19%	7%	3%	6%
E.	Competitive business taxes	4%	6%	13%	26%	26%	14%	4%	9%
F.	Adequate supply and access to cost effective utilities	3%	5%	10%	25%	30%	16%	5%	1%
G.	Transportation infrastructure: efficient local road network	9%	14%	20%	19%	23%	10%	5%	1%
H.	Transportation infrastructure: public transit system	16%	19%	18%	19%	17%	6%	4%	2%
I.	Air access (incoming and outgoing)	1%	1%	5%	14%	27%	30%	17%	6%
J.	Access to quality education, skill development and training	1%	3%	8%	19%	32%	28%	8%	2%
K.	Industrial space avail. for lease	1%	5%	10%	25%	22%	10%	2%	26%
L.	Office space avail. for lease	2%	7%	17%	24%	24%	10%	4%	13%
M.	A high quality of life to attract and retain staff	3%	6%	10%	20%	32%	24%	4%	2%
N.	Housing affordability	13%	22%	26%	17%	14%	6%	2%	1%
O.	An environment of innovation and research	3%	6%	12%	26%	25%	16%	5%	8%

Calgary as a location for business expansion

AGREEMENT	Strongly Disagree					Strongly Agree		Don't Know
	1	2	3	4	5	6	7	
Direct air access to major global centres	1%	2%	6%	10%	27%	35%	18%	3%
Effective road network	9%	13%	22%	21%	26%	8%	2%	-
Strong/growing economy	-	1%	1%	9%	23%	40%	27%	-
Calgary has competitive tax rates	3%	6%	8%	24%	31%	19%	4%	7%
Low cost of doing business in Calgary	13%	25%	24%	18%	13%	4%	2%	3%
A high degree of consumer confidence	1%	2%	7%	15%	27%	39%	8%	2%
Calgary has a skilled labour force	3%	5%	11%	19%	31%	26%	6%	1%
Wide availability of cost-effective utilities	5%	7%	15%	25%	28%	10%	1%	10%
Strong communications/ tech. infrastructure	-	2%	8%	19%	34%	28%	6%	4%
Access to venture capital/ financing	3%	5%	8%	19%	25%	14%	2%	25%
Diverse economy	4%	18%	26%	22%	19%	10%	2%	-
Calgary businesses have easy access to post-secondary education and to providers of professional development programs	1%	5%	9%	21%	33%	22%	7%	2%
Calgary appeals to organizations as a good place to do business	-	3%	6%	15%	34%	34%	7%	2%
There is a great deal of international awareness about Calgary	3%	6%	13%	21%	27%	23%	4%	4%

Quality of Life in Calgary

AGREEMENT	Strongly Disagree					Strongly Agree		Don't Know
	1	2	3	4	5	6	7	
Calgary is a clean city	1%	4%	8%	14%	36%	31%	6%	-
I feel safe and secure in Calgary	3%	5%	10%	18%	31%	28%	5%	-
Calgary has quality urban amenities & services	2%	5%	7%	20%	36%	27%	4%	1%
Calgary has large, accessible green spaces	1%	4%	6%	13%	34%	31%	12%	-
Health care is accessible in Calgary	11%	16%	20%	19%	20%	13%	2%	-
Housing is affordable in Calgary	21%	28%	22%	17%	9%	3%	1%	-
Calgary has a dynamic cultural and arts scene	3%	12%	22%	24%	22%	13%	4%	2%
Calgary has a vibrant inner city	11%	20%	23%	23%	14%	7%	2%	1%
Calgary is a diverse and multicultural city	-	5%	13%	20%	32%	22%	9%	-
Calgary has a high-quality public transportation system	12%	15%	18%	26%	19%	7%	2%	1%
Architecture is attractive in Calgary	9%	15%	22%	26%	19%	9%	1%	-
There is an abundance of recreation and leisure options _{ca}	1%	4%	10%	24%	24%	27%	9%	
There is a wide variety of educational options in Calgary	1%	1%	10%	18%	33%	30%	7%	
Calgary has easily accessible and available childcare	10%	18%	16%	15%	8%	2%	1%	
Calgary has easily accessible and available elderly care	8%	13%	18%	11%	9%	2%	1%	