

Calgary: western Canada's head office centre

By Bruce Graham

Over the past several years, Calgary has emerged as western Canada's head office centre and Canada's most concentrated headquarter location, home to approximately one in seven of Canada's major corporate headquarters. Among Canada's six most populated Census Metropolitan Areas (CMAs), Calgary ranks first in head office concentration and employment. At the end of 2009 there were 114 head offices in Calgary, up from only 78 in 2000, which represents a growth rate of 46.2 per cent over the past 10 years. This makes Calgary's head office concentration second only to Toronto. As Canada's energy centre, it is also no surprise that the majority of top corporations in Alberta, and specifically Calgary, are energy-related.

Calgary Economic Development recognizes the importance of head office growth and in August 2010 released a research study titled: "Home Base: what drives head office locations and Calgary's place as a global business hub". The report has been prepared in order to better understand the importance of this sector of the economy and the impact head offices have on Calgary's community.

Head offices are highly desirable for any city in that they provide the base of corporate decision-making, provide relatively high paying jobs that add to a city's economic base and are thought to bring with them prestige that adds to a city's image. There are a variety of reasons behind a major corporation's decision to locate its headquarters in any given jurisdiction. Generally speaking, they are located in major metropolitan areas that have access to a large pool of qualified labour, with good communications and transportation infrastructure, a supportive business environment, a stable political situation, and a high quality of life.

Beyond the civic pride that comes with having a prominent headquarters located in Calgary, there are important economic benefits – according to Statistics Canada, less than one per cent of Canadian businesses have multi-unit operating structures, yet these businesses generate more than one-half of all business income and employ over one-third of the workforce. This workforce is made up of highly skilled professionals and the corporation itself demands ready access to high level business services, such as legal, financial and advertising; support industries which are a large portion of Alberta's corporate tax base. The fact that these jobs, both in the head offices themselves and in the supporting services that come with them, are high paying means the personal income tax base of the province also increases.

As with any head office relocation, the reasoning and discussion is complex. When discussing Calgary's place as western Canada's head office capital, it is important to identify Calgary's strengths and advantages as a headquarters location as well as weaknesses that could threaten its current status. Calgary's strengths include tax advantages, a high quality of life, a well developed business

and financial services sector, a well educated labour pool and a thriving energy sector. While Calgary has historically been energy focused, there is now an effort to build on the strength of the energy sector to diversify into other support sectors. The perception of Calgary as a place to do business with a creative workforce is inconsistent but the continued building of cultural and community assets and the growth of Calgary's international airport are great opportunities for future head office development.

At Calgary Economic Development, we are of the belief that the corporate headquarters located in our city play a vital role in Calgary's economy and we need to continue to foster a business environment that will continue to grow this sector by: retaining companies that are already here; attracting head offices from other jurisdictions; and, enabling the creation of new local innovative companies that can compete on a global level.

To read the *Home Base* report, visit www.calgaryeconomicdevelopment.com