



EXECUTIVE SUMMARY
Volume 1: Calgary and Region Socio-Economic Outlook
2007 – 2012



Striking a balance

Calgary has the potential to become one of Canada's truly great cities. Accelerated growth in recent years has propelled the city to unprecedented heights, fuelling an enviable economy and attracting people from across the country and worldwide. As the city embraces such prosperity, it also grapples with striking a social balance that addresses the needs of all who live here.

The Calgary and Region Socio-Economic Outlook is an annual report looking at Calgary's past, present and future, as it relates to its citizens, the region, province, country, and the world. This research offers a thoughtful five-year forecast to help inform City Council and Administration in its planning, policy and budget decisions.

This executive summary provides highlights of the two-volume Calgary and Region Socio-Economic Outlook 2007 - 2012. To view the report in its entirety, please visit calgary.ca/economy or call 3-1-1. Outside Calgary call (403) 268-CITY (2489).





What's on the horizon for Calgary?

With its population now exceeding the one-million mark, Calgary is expected to be an exciting and challenging place to live and work over the next five years.

As Alberta's oil sands developments reached cumulative record highs, labour shortages have led to higher wages and more disposable income. This has attracted significant numbers of workers and their families to Calgary from across the country as well as the world.

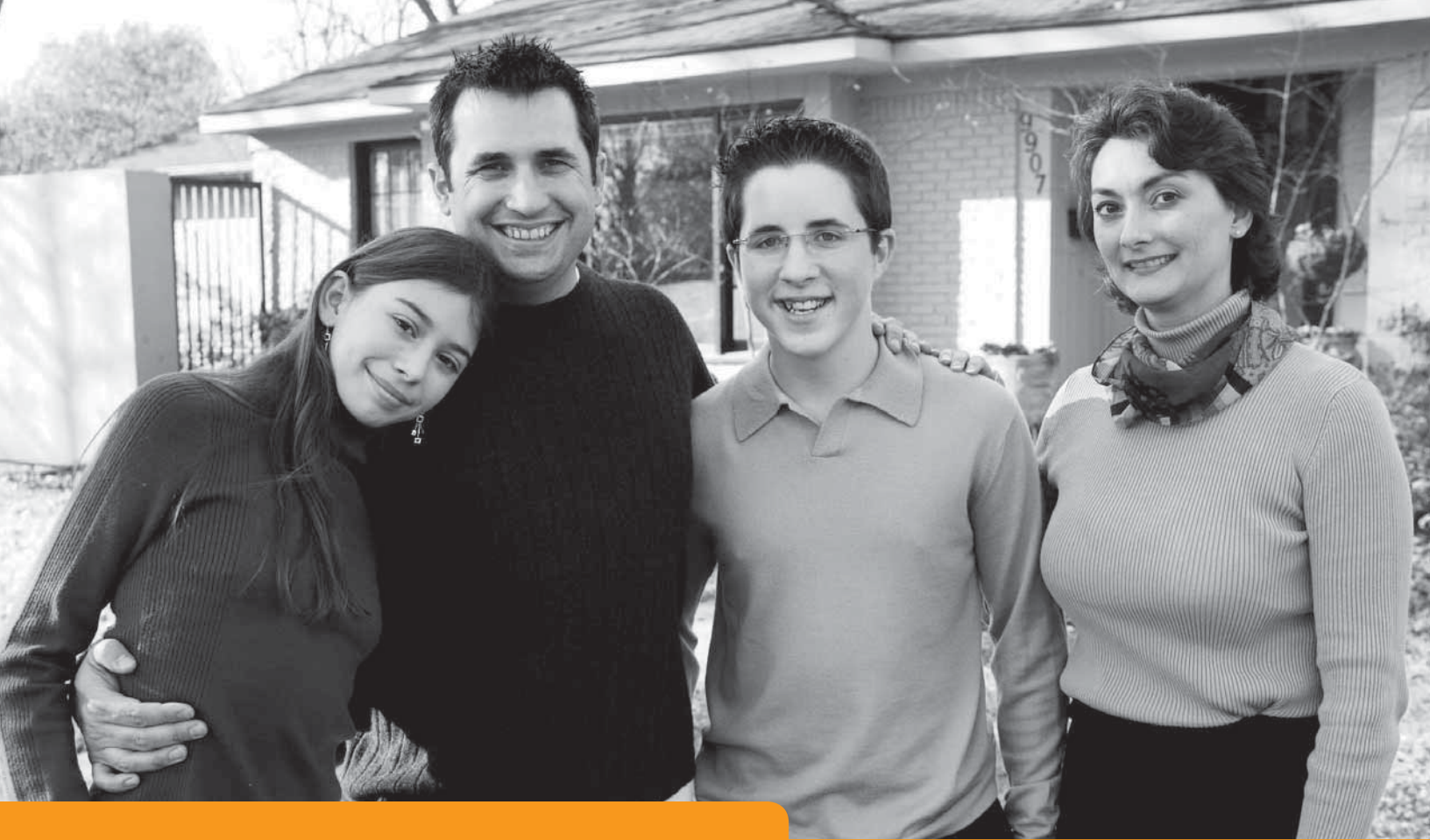
While prosperity is most often associated with accelerated growth, boom economies can also experience serious social challenges. Ever-increasing demands on the maintenance or development of vital public services like roads, public transit, recreation facilities and other infrastructure needs can be difficult to sustain, despite a growing tax base. In the past few years, excess demand for Calgary's existing resources, particularly housing, have fuelled rising costs of living

above national averages. The inequalities between income and wealth continues to grow.

Calgary has experienced the pressures of high inflation due to its lack of spare capacity in the face of rapid growth. Fortunately, it is anticipated that inflation should relax by 2010 once capital spending in Alberta's oil sands projects peaks. At this time, the economic growth rate in the Calgary Economic Region is expected to slow in response to more measured investment on oil sands projects.

This cooling off of the economy helps position Calgary as a community of sustainable opportunity, assuring that our city maintains its reputation as a place that people are proud to call home.

For more information, please visit calgary.ca/economy or call 3-1-1.



Social and economic trends – highlights

Researching and forecasting societal and financial patterns within a five-year window allows The City of Calgary to develop unique insight on how it can better sustain its local economy, while at the same time manage an increasingly diverse community.





Demographics

Calgary's population officially exceeded the one-million mark when 1,019,942 residents were registered in the 2007 annual civic census. Attracted by jobs and low unemployment rates, another 123,000 people are expected to live in Calgary by 2012. The majority of this increase is expected to be due to net migration.

Calgary's population is becoming progressively more diverse due to the increasing number of immigrants landing in Calgary and the arrival of temporary foreign workers brought in to address the current labour shortage. Last year, approximately one-third of immigrants arriving in Calgary were unable to speak English. However, this proportion has declined for the second straight year.

Calgary is expected to remain a relatively young city, with about 75 per cent of its population under 50 years in 2007 and 72 per cent in 2012, as well as a growing population of children.

As baby boomers age, the number of seniors and persons with disabilities in Calgary is expected to continue to grow.

For more information, please visit calgary.ca/economy or call 3-1-1.

Quality of life

Calgary's projected aging population is expected to result in an increasing need for health and personal services, which will require more private and public funds. This will likely impact arts, culture and social services programming, which are already competing for funds in an environment of scarce labour, volunteer and monetary resources.

Despite income and wage growth, household debt is expected to continue to climb, largely due to the rising costs of goods, materials, rents and services (inflation). Concerns about financial security in retirement due to low pension coverage rates will continue.

Poverty rates are declining in Calgary, along with the number of income support recipients and food bank clients. However, the escalating cost of living is adversely affecting an emerging class of citizens (namely the "working poor") whose wages cannot absorb higher prices for rents, food, services and goods.

While family income has shown growth, this may be related to increased work activity, as the number of people in the family who are in the workforce continues to grow. Single people, lone-parent families and two-parent families with one earner continue to report lower incomes and higher rates of poverty.

The increased work activity being required by families is reducing the time available for parents to spend with their children, or to volunteer in community activities. However, Calgary's boom economy has also given rise to increased charitable giving.

Calgary remains a relatively safe city in which to live, as evidenced by declining crime rates since 2006. At the same time, injuries increased slightly, with workplace safety being an area of particular concern.

Calgary's non-profit organizations are experiencing growing stress due to reduced volunteer availability and growing labour shortages. This results in increased competition between organizations for volunteers, staff and participants.





Calgary's arts and culture sector reports important capacity challenges. The cultural infrastructure deficit remains due to a lack of infrastructure investment over the past decade.

Heritage preservation is an area of growing interest, with some limited success being achieved in the preservation of historic architecture, despite strong pressures for re-development. At the same time, there is a concern about the loss of heritage resources such as historic artifacts and visual art due to the lack of actively collecting institutions in Calgary, coupled with the growing monetary value of such items.

Recreation is expected to remain a significant and growing economic contributor to Calgary, but there is a projected shift in demand from active to passive open space and from formal to informal uses. Barriers remain particularly for persons with mobility challenges. Accessibility of open spaces and facilities will be an increasing concern as the population ages.

The current pattern of low-density suburban development has encouraged increased auto-dependence, resulting in heavier traffic congestion, reduced physical activity and related health and social impacts.

Increasing physical inactivity and the related issues of obesity and being overweight citizens are an ongoing concern in Calgary, although rates among Calgary adults and children are among the lowest in Canada.

Immigrants, visible minorities, Aboriginal persons and persons with disabilities continue to face challenges integrating into the economic and social life of the community. Although reported human rights cases are declining in Alberta, significant challenges remain. Aboriginal people continue to remain at greater risk of poverty and homelessness as well as criminal victimization.

While the number of persons with disabilities continues to grow in Calgary, agencies that serve this population continue to struggle, due to low wages in the sector and a growing labour shortage that is compromising care.

Community associations and the facilities they operate continue to feel the negative impacts of the economic boom. Reduced volunteer capacity and increasing operating costs make it difficult to continue providing relevant community programs and activities.

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Workforce

Led by strong economic growth, Calgary is expected to enjoy a vibrant labour market. Demand for labour will be fuelled by relatively high rates of investment in Alberta's energy and related sectors.

Low unemployment rates (between three and five per cent) as well as increased wages, work activity and job quality are all forecast for the Calgary Economic Region. Increases in average incomes are also expected.

Calgary's labour force will continue to age, leaving room for under-represented groups such as Aboriginal persons, immigrants and persons with disabilities to make limited labour gains.

A strong economy will continue to attract youth to join the workforce, resulting in growing labour force participation and decreasing youth unemployment. However, there is concern that youth are leaving school for employment, or that they are increasingly combining longer work hours with their studies, leading to increased stress.

The boom is unduly affecting Calgary's non-profit sector as better wages in other sectors draw away staff and make it difficult to recruit new staff. Public and private funds are increasingly being directed to short-term projects, leaving agencies struggling to cover increasing core operating costs.

Cultural funding continues to lag, contributing to low wages, and impacting staff recruitment and retention in the culture sector.

Employment growth in Alberta is expected to slow from four per cent in 2007 to 1 per cent in 2012, due to the completion of major projects in the short term and the retirement of baby boomers in the longer term.

As Calgary's elderly population grows, more seniors have re-entered the labour force due, in part, to the increased cost of living. Over half of senior workers are employed full-time.



Housing

Housing prices in Calgary reached record highs in 2007 due to strong demand supported by high employment and wage growth. This also resulted in housing affordability falling to extremely low levels. Regardless, local real estate prices should continue to escalate as the region continues to experience excess demand for space.

An ongoing lack of affordable housing in Calgary, as illustrated by declining vacancies, is projected to have several impacts, including higher average rental rates, declining rental stock, less opportunity for people unable to afford the transition out of shelters, and a growing homeless population.

While incidents of domestic violence declined in Calgary last year, there remains a lack of shelter capacity, particularly for transitional housing.

Construction values should trend downwards over time as the demand and supply for space are brought into closer balance.

Housing starts in Alberta are expected to decline from the 2006 peak, but remain at healthy levels from 2007 to 2012.

For more information, please visit calgary.ca/economy or call 3-1-1.

National and world affairs

The resource-based provincial economies in Western Canada and Newfoundland and Labrador are anticipated to continue to lead Canadian economic growth in 2007 as they benefit from high resource prices.

Further interest rate increases are expected from the Bank of Canada in 2008 and 2009 in an attempt to stem rising costs of living.

The Canadian dollar may lose some strength against the U.S. dollar partly due to a projected softening of oil prices from 2008 to 2012.

Economic performance in the United States is expected to bounce back in 2008 after a slow 2007. A projected 2008 growth rate of 2.7 per cent is expected to trend upwards with the United States growing 2.9 per cent by 2009.

Most of the world's economic boost over the forecast period is expected to come from supplying the needs of emerging countries, particularly China and India. As a result, the demand for commodities, such as oil and building materials, are expected to increase from 2007 to 2012.





Economic signposts and implications

Over the 2002 – 2007 period, Calgary experienced significant economic growth. Population growth was strong, incomes were rising and unemployment dropped to unprecedented levels. In this period, the provincial and federal governments enjoyed budget surpluses while cutting taxes.

However, because of rising costs and revenues that do not keep pace with general economic growth, The City of Calgary was forced to raise property taxes while falling behind in infrastructure investment. Without new sustainable funding for The City, this situation is expected to continue over the forecast period.

Calgary's Consumer Price Index is expected to increase faster than the national equivalent, as Calgary enjoys higher rates of economic growth and tighter capacity constraints than the rest of Canada. Calgary is expected to average five per cent in 2007, four per cent in 2008 and trend downwards to 2.2 per cent by 2012, close to the Canadian forecast.

Alberta's real Gross Domestic Product is expected to decelerate from an unsustainable rate of seven per cent in 2006 to 4.3 per cent in 2007 and 2.6 per cent by 2010, when the growth rate in capital spending in oil sands projects is projected to peak.

More than 60 per cent of total capital investment in Alberta is in oil sands projects, triggered by sharply increased energy prices and American concern for an alternative supplier to Middle Eastern oil.

Capital spending in the Calgary Economic Region is expected to slow after 2009, with growth rates moderating from a bustling high of 7.4 per cent in 2006 to 3.1 per cent in 2009.

As growth in the economy returns to more sustainable levels, inflation in Alberta is expected to trend downward to 2.1 per cent by 2012.

Changing demographics and global competition suggest that even with more moderate growth, businesses and governments will be faced with labour and cost challenges over the forecast period.

For more information, please visit calgary.ca/economy or call 3-1-1.

Landmarks and milestones

For a closer look at Calgary's economic and social indicators, the following tables have been selected from the Calgary and Area Socio-Economic Outlook 2007 - 2012:

Average hourly wage rate, both sexes, 15 years and over, Canada and Alberta, 2002-2006

	2002	2003	2004	2005	2006	% Change 02 - 06	% Change 05 - 06
Canada	17.66	18.04	18.5	19.09	19.72	11.7%	3.3%
Alberta	17.99	18.13	18.54	19.76	21.12	17.4%	6.9%

Source: Statistics Canada (2007q). *Labour Force Historical Review*.

Percentage of persons in low-income households pre-tax, Calgary, Census Metropolitan Area

	2001	2002	2003	2004	2005
All persons	13.1	13.7	16.7	13.3	12.7
Persons under 18 years	12.2	15.7	19.9	16	16.4
Persons 18 to 64 years	12.9	13.1	16.2	13	12
Persons 65 years and over	16.5	13.4	11.8	8.5	9.1

Source: Statistics Canada (2007r). *Income Trends in Canada*.

Percentage of families in low-income (pre-tax) by family type, Calgary, Census Metropolitan Area

	2001	2002	2003	2004	2005
All family units	20.7	20.9	20.9	20.6	20.6
Economic families, two persons or more	11.6	12.6	12.1	11.7	11.2
Two-parent families with children	10.5	10.3	10	10.2	9.7
Two-parent families with children, no earners	85.8	82.8	88.1	81.1	88.6
Two-parent families with children, one earner	28.3	25.4	25.1	26.6	24.9
Two-parent families with children, two earners	5.7	6.8	6.2	6.6	5.7
Two-parent families with children, three or more earners	3.0	2.7	4.1	4.3	2.8
Lone-parent families	40.8	46.1	43.9	43.1	38.2
Unattached individuals	39.1	37.7	38.2	38.1	39

Source: Statistics Canada (2007r). Income Trends in Canada.

For more information, please visit calgary.ca/economy or call 3-1-1.

Selected Economic Indicators

United States, Canada, Alberta, Calgary Economic Region and Calgary CMA

ASSUMPTIONS	2002	2003	2004	2005	2006	FORECAST					
						2007	2008	2009	2010	2011	2012
United States and Canada											
United States											
U.S. Real Gross Domestic Product 1992 (%)	1.6	2.7	4.2	3.6	3.3	2.1	2.7	2.9	2.8	2.7	2.6
Canada											
Canada Gross Domestic Product (1997) at Market Prices (%)	3.1	2.0	2.9	2.9	2.8	2.5	2.8	2.7	2.7	2.5	2.4
Prime Business Loan Rate (%)	4.2	4.7	4.0	4.4	5.8	6.0	6.3	6.5	6.5	6.5	6.5
Canadian/US. Exchange Rate (US¢/Cdn\$)	64	72	77	83	88	92	92	93	92	91	90
Alberta											
Gross Domestic Product (%)	1.5	3.4	4.3	5.0	7.0	4.3	3.9	2.7	2.6	2.5	2.4
Total Employment Growth (%)	2.6	2.9	2.0	1.5	4.8	4.0	2.2	1.7	1.2	1.0	1.0
Unemployment Rate (%)	5.3	5.1	4.7	3.9	3.4	3.6	3.8	3.7	4.0	4.2	3.4
Inflation Rate (%)	3.4	4.4	1.4	2.2	3.9	5.0	4.0	3.0	2.6	2.1	2.1
Housing Starts ('000 Units)	32.7	32.1	31.9	34.3	48.9	45.1	45.1	43.4	39.5	36.1	35.0
Crude Oil Price - WTI (US\$/bbl)	26	31	41	56	66	66	64	63	61	59	57
Alberta Natural Gas Price - AECO/NIT (Cdn\$/GJ)	4	6	6	8	6	7	7	7	7	7	7

FORECAST

ASSUMPTIONS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Calgary Economic Region (CER)											
Gross Domestic Product (%)	2.2	0.8	4.2	4.9	7.4	6.3	4.1	3.1	3.0	2.9	2.3
Total Population ('000 Persons)	NA	NA	NA	NA	1,161	1,198	1,236	1,272	1,306	1,335	
<i>Total Population Growth (%)</i>	NA	NA	NA	NA	1.7	3.2	3.2	3.0	2.6	2.3	2.2
Net Migration ('000 Persons)	NA	NA	NA	NA	20.6	26.5	25.3	22.1	19.0	18.3	16.0
Total Employment ('000 Persons)	611	623	643	649	700	733	753	771	791	809	822
<i>Total Employment Growth (%)</i>	2.2	2.0	3.2	0.9	7.9	4.7	2.7	2.4	2.6	2.3	1.6
Unemployment Rate (%)	5.6	5.3	5.0	3.9	3.4	3.0	3.7	4.0	3.7	3.7	4.0
Inflation Rate (%)	3.7	3.5	1.8	2.0	4.6	5.0	4.0	2.2	2.1	2.1	2.2
Building Permits (\$billion)	2.9	3.0	3.1	4.3	6.0						
<i>Low Forecast</i>	NA	NA	NA	NA	NA	6.0	5.4	4.8	4.2	4.2	4.2
<i>High Forecast</i>	NA	NA	NA	NA	NA	7.2	6.6	6.0	5.4	5.4	5.4
Housing Starts ('000 Units)	15.0	14.5	14.0	15.2	17.8	17.3	17.0	16.0	15.0	14.0	13.0
Non-Residential Building Price Inflation (%)	2.0	2.9	5.9	7.3	11.7	21.0	15.0	13.0	12.0	10.0	10.0

Numbers may not add up due to rounding

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For more information, please visit calgary.ca/economy or call 3-1-1.

Selected indicators

City of Calgary

Forecast completed September 2007:	FORECAST										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Demography											
Total population ('000 persons)	905	922	933	956	992	1,020	1,048	1,075	1,099	1,121	1,143
<i>Total population growth (%)</i>	3.1	1.9	1.2	2.4	3.7	2.8	2.7	2.5	2.3	2.0	1.9
Net migration ('000 persons)	21.0	9.0	2.3	13.7	25.8	17.6	16.8	14.6	12.6	12.2	10.7
Real estate											
Residential market											
Total housing stock ('000 units)	360	372	384	396	410	424	437	449	460	471	481
Total housing starts ('000 units)	12.4	11.9	12.2	12.0	14.1	13.3	13.0	12.5	11.4	10.4	10.1
New house price inflation (%)	5.3	5.2	5.6	6.9	43.6	25.0	15.0	10.0	7.0	7.0	7.0
Non-residential market											
Total office space occupied (million sq. Ft)	39	40	41	44	45	47	49	51	52	54	55
Total industrial space occupied (million sq. Ft)	88	92	96	99	103	107	111	115	118	122	125
Building permits (\$billions)	2.3	2.4	2.4	3.6	4.8						
Low forecast						5.0	4.5	4.0	3.5	3.5	3.5
High forecast						6.0	5.5	5.0	4.5	4.5	4.5

Numbers may not add up due to rounding.

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Population indicators

City of Calgary

Forecast completed September 2007:

(Persons, except rates)	FORECAST					
	2007	2008	2009	2010	2011	2012
Total population	1,020,000	1,047,900	1,074,500	1,098,900	1,121,100	1,142,800
<i>Total population growth rate</i>	2.8%	2.7%	2.5%	2.3%	2.0%	1.9%
<i>Total net migration</i>	17,600	16,800	14,600	12,600	12,200	10,700
<i>Total natural increase</i>	10,100	10,000	9,800	9,700	9,400	9,200
Total births	16,100	16,100	16,100	16,100	16,100	16,100
Total deaths	6,000	6,100	6,300	6,500	6,700	7,000

For more information, please visit calgary.ca/economy or call 3-1-1.

Population by five-year cohort

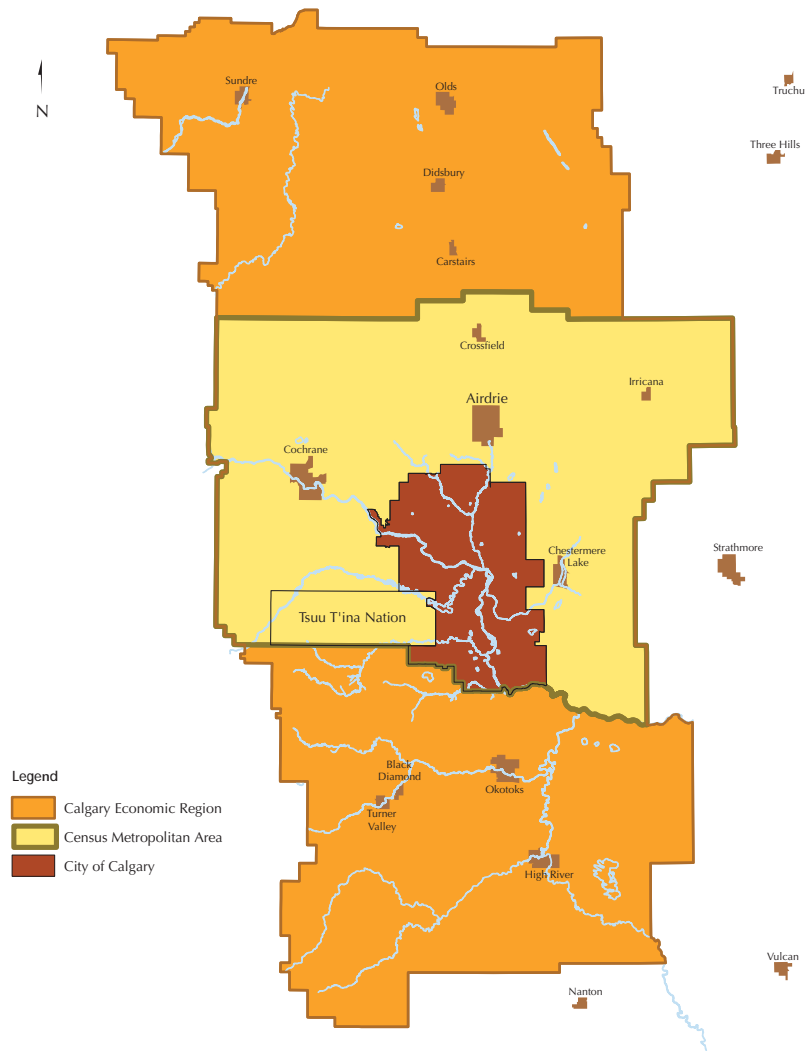
FORECAST

(Persons)	2007	2008	2009	2010	2011	2012
0-4	61,200	68,500	75,200	80,000	83,500	86,400
5-9	61,000	61,700	62,700	64,800	67,500	70,600
10-14	65,100	65,900	66,400	67,000	67,800	68,300
15-19	69,100	69,900	70,900	71,600	71,600	71,500
20-24	76,500	77,200	77,500	77,400	77,400	77,900
25-29	83,400	84,800	86,200	87,200	87,700	87,700
30-34	83,900	84,500	85,300	86,100	87,400	88,400
35-39	81,600	83,500	85,400	86,900	87,700	88,600
40-44	90,400	89,600	88,700	87,700	86,700	86,600
45-49	87,800	89,600	90,600	91,800	92,500	92,500
50-54	71,500	75,000	78,700	81,500	84,100	86,100
55-59	55,600	59,300	61,100	63,400	66,700	70,100
60-64	37,300	39,300	43,300	46,900	50,000	53,400
65-69	27,800	29,200	30,600	32,700	34,600	36,600
70-74	24,200	24,300	24,600	25,000	25,700	26,500
75-79	19,700	20,400	20,800	21,100	21,300	21,400
80-84	13,300	13,900	14,500	15,200	15,600	16,200
85-89	7,000	7,700	8,400	9,000	9,500	9,900
90+	3,600	3,600	3,600	3,600	3,800	4,100
Total	1,020,000	1,047,900	1,074,500	1,098,900	1,121,100	1,142,800

Numbers may not add up due to rounding.

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Calgary and Area



For more information, please visit calgary.ca/economy or call 3-1-1.



About the authors

The City of Calgary's Corporate Economics division of Land Use Planning & Policy and the Policy and Planning division of Community & Neighbourhood Services work together each year to develop a comprehensive socio-economic outlook to inform planning, policy, and budget decisions at The City of Calgary and in the broader community.

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