

Saskatoon is home to Canada's fastest growing economy

BY JEANNIE ARMSTRONG, THE STARPHOENIX OCTOBER 22, 2011

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The country's top economists are in agreement. Saskatoon will continue to lead economic growth in Canada through 2013.

FASTEST GROWING ECONOMY

The Conference Board of Canada, known for its conservative economic forecasts, says that Saskatoon's economy will expand by 4.1 per cent this year, and will remain at the top of the economic growth leader board through 2013. The gap between Saskatoon and second place Calgary is quite significant, with Calgary's economy expected to grow by 3.4 per cent.

What factors are contributing to Saskatoon's sustained economic growth?

According to the Conference Board of Canada announcement, "Saskatoon is benefiting from strong resource development, while healthy population growth is bolstering the housing market."

Over \$10 billion in new mines and expansions are in development in the province, and Saskatoon is at the epicenter of all of the activity.

Tim LeClair, Chief Executive Officer of the Saskatoon Regional Economic Development Authority (SREDA), is quick to point out that mining isn't the only engine boosting the city's economy.

"We also have to give credit to other sectors of the economy which aren't related to the resource sector, including manufacturing, agriculture, transportation and communication," says LeClair.

The Saskatoon region has one of the most diversified economies in the country, says LeClair.

While mining, energy and agriculture dominate the city's economic landscape, all three sectors are driving increased activity in the manufacturing sector, where local companies are busy producing fabricated metal goods and machinery, transportation equipment, wood products, electronic and electrical equipment, plastics, as well as food and beverage processing.

The production of local goods, in turn, impacts the transportation and distribution industry, as 85 per cent of local manufacturers are also exporting products outside of Saskatchewan.

FASTEST GROWING POPULATION

Not only does Saskatoon boast the country's fastest growing economy, we have also earned the title of "Fastest Growing City in Canada."

Between July 1, 2009 and June 30, 2010, Saskatoon's population increased by 3 per cent, (7,200 residents), for a total population of 265,300, according to Statistics Canada. The federal agency attributes approximately 50 per cent of the city's population growth to international migration. Approximately 3,300 international immigrants relocated to Saskatoon during that 12-month period, attracted by the city's diverse economy.

CANADA'S YOUNGEST CITY

The arrival of young international families, as well as the growing aboriginal population, means that Saskatoon is also Canada's youngest city, according to the same Statistics Canada report. Saskatoon's residents are the youngest in the country, on average, with a median age of 35.4 years, compared to the national median of 39.7 years.

SASKATOON IS HIRING

According to Statistic Canada's most recent survey, Saskatchewan enjoys the lowest unemployment rate in Canada. The August unemployment rate for Saskatchewan was 4.5 per cent, by far the lowest in the country. Full-time employment in the province reached an all-time high of 454,300 in August, 2011, breaking the record previously set in July 2010.

Saskatoon's unemployment rate for August, 2011 was 5.1 per cent, down .3 per cent from the month previous, and the fourth lowest rate of any metropolitan area in Canada.

Entrepreneurs are among the most prolific job creators in the city, says LeClair. Over 1,000 new business licenses are issued every year to Saskatoon entrepreneurs. "If each of those new businesses has 1.5 employees or higher, that's tremendous job creation," says LeClair.

more than 100 people in Saskatoon employ "Only 56 companies of entrepreneurial, employment comes out each. The vast majority of our is fueling Saskatoon's companies. Small business homegrown economic growth."

The quality of jobs being created in Saskatoon is equally exciting, says LeClair, citing the anticipated recruitment of between 500 to 700 engineers by local mining companies as an example. "These positions have annual incomes of \$150,000 and up," says LeClair.

Saskatoon workers have spending power, evidenced by the nation-leading 9.5 per cent increase in retail sales between June 2010 and June 2011. The increase is more than double the national increase of 4.6 per cent.

"One only has to look at the automotive industry in Saskatoon. When you see the level of activity here, it's a very basic barometer of the economy," says LeClair of the 12.2 per cent year-over-year increase in new car and truck sales in Saskatchewan.

HOUSING HOT SPOT

with in home construction, Saskatchewan also leads the nation in housing communities in the province Saskatoon outpacing all other starts. During the first six months of 2011, housing starts increased by 38 per cent in Saskatchewan, the largest increase in Canada.

in housing starts are located of the province's new Sixty per cent Officer of Thomarat, Chief Executive region, says Alan the Saskatoon Builders' Association. the Saskatoon Home

the province in Saskatoon leads According to the association, single family and multi-family activity in both residential construction region from January in the Saskatoon Overall housing starts unit starts. during than those recorded 37 per cent higher to July 2011 are time period in 2010. the same

"Housing is a critical component of the economy," says LeClair. He cites the housing shortages experienced in recent years in such Alberta communities as Fort McMurray and Calgary."I sat on the Alberta Task Force on Housing several years ago. When you have rapid expansion, without ensuring there will be adequate housing stock and rental stock, you impact the ability of your economy to survive.

"We have to make sure that we have adequate housing for people to come and take positions in Saskatoon. That's an important part of the equation."

CRANES ON THE HORIZON

Commercial and industrial construction activity is equally vibrant in Saskatoon.

"We're seeing a strong renewal in the demand for commercial and office space in our city," says LeClair.

He says one has only to look at Saskatoon's skyline to see evidence of our city's rapid growth. Construction cranes are hard at work on both sides of the river.

Vacancy rates are at near or historic lows in all three sectors of the commercial real estate market, including office, industrial and retail space.

Developers have been busy constructing new office towers to meet the demand created by new and expanding businesses. The newly constructed Discovery Plaza office complex on Third Avenue is now home to BHP Billiton, SNC-Lavalin has relocated to the new Capital Centre on First Avenue and Stuart Olson Dominion Construction has taken over the Arthur Cook Building in the warehouse district.

Additionally, 11 new office complexes are on the drawing board that will generate approximately 750,000 square feet of office space, including the \$30 million River Centre project at River Landing.

Over the in huge demand in Saskatoon. Industrial space is also 16 million has increased from occupied industrial space past five years, record low vacancy feet. With a near square feet to 20 million square have an additional 300,000 cent, developers now rate of 2.12 per construction in industrial space under square feet of speculative by year end. for completion Saskatoon, scheduled

OPPORTUNE TIME

Charged with providing the leadership and vision to advance economic development and create wealth in Saskatoon and region, SREDA is looking to the future with great optimism, says LeClair.

and in the business community lot of energy out there "There's a use it to drive innovation, take that energy and it's all positive. We want to side." the investment attraction including

SREDA WORKS TO SUSTAIN ECONOMIC GROWTH

Does bust always follow boom in the business cycle?

Not according to the Saskatoon Regional Economic Development Authority (SREDA).

Tim LeClair, chief executive officer of SREDA, says the independent economic development agency is hard at work developing strategies that will sustain economic growth in our city for future decades.

Right now, Saskatoon is experiencing phenomenal economic growth, fuelled by the strong performance and expansion of the mining industry.

"In 15 years, when all of these capital expansions are done, do we want to go back to the slow growth of the 1980s and start exporting our kids to other provinces again? I was a product of that export market. We want to sustain our economy over the long term. We have to get it right," says LeClair.

SREDA works to retain and expand local business, and to attract new business investment, in targeted sectors.

The organization has developed a diverse arsenal of high impact initiatives that contribute to long-term economic growth and address the challenges faced by existing businesses in the region.

Whether focusing on infrastructure improvement or targeting foreign investment, all projects are designed to move our community forward.

SREDA also delivers an array of services designed to attract and establish new businesses, and help existing businesses flourish and expand - from providing detailed economic research and analyses to negotiating and administering tax incentives.

A PRO-ACTIVE APPROACH

The cities of Saskatoon and Regina are taking a more pro-active approach to economic development than in past decades, says LeClair. "We are beginning to work together to capitalize on opportunities to promote entrepreneurial start-ups and expansions. You could call it a new era of collaboration."

One of the first projects that SREDA and the Regina Regional Opportunities Commission (RROC) are collaborating on analyzes issues surrounding the province's labour market. "Without those strong fundamentals, our ability to attract new businesses and grow existing businesses will be limited," says LeClair.

"When a company looks at setting up operations in Saskatoon or Regina, the first thing they look at is the labour force. Do we have people to fill those jobs? If you can't answer that question in the affirmative, it becomes very difficult to build a business case."

OPENING DOORS

SREDA is also taking the initiative to bring global business interests to Saskatoon. "Brazil has two of the world's largest food processing companies. They employ over 130,000 people internationally but have no facilities at all in North America. They have no market penetration here, no presence here," says LeClair.

SREDA is working on an initiative to present Saskatoon's strengths as a food processing centre to the Brazilian manufacturers. "We have the critical mass - the infrastructure, the raw commodities. I met with the Brazilian ambassador and they're willing to open the doors," says LeClair.

No longer can cities afford to sit back and wait for government to take the lead on economic development, says LeClair.

"The province doesn't sell the city. The province sells the province. There are a lot of successful cities out there with successful investment programs."

While attracting foreign investment is important, SREDA is also dedicated to nurturing homegrown business development, by supporting the success of new and existing entrepreneurs.

"Entrepreneurship is one of the reasons why Saskatoon has the country's fastest growing economies. The vast majority of our employment comes out of the entrepreneurial, homegrown companies," says LeClair.

SREDA has partnered with Ideas Inc., a local business incubator program designed to mitigate the high level of risk faced by new entrepreneurs and provides the support required to achieve success. National statistics indicate that 60 to 75 per cent of new business start-ups fail within the first year, while companies launched in a business incubator achieve an 87 per cent success rate.

Expanding Saskatoon's knowledge-based industries is another strategy for maintaining economic momentum. "The research coming out of the University of Saskatchewan, Innovation Place and our city's array of scientific institutions, including the Canadian Light Source, creates huge potential for growth," says LeClair.

"We have many companies coming from around the world to use our research facilities. There is \$2.6 billion worth of research facilities clustered around the university. We'd like to see more companies come and do their research here, and then build their facilities close by."

LeClair feels the Canadian Light Source synchrotron facility has yet to achieve its full potential. "They're continuing to increase the synchrotron's capacity, adding new light beams.

They're investing into it, so we can continue to attract new companies."

A conversation LeClair had last winter with Richard Walter, chief scientific officer of Shamrock Structures in Chicago, offers insight into the synchrotron's potential. "This Chicago company comes here to do their testing because they can't obtain access to synchrotrons in the U.S. like they can here. He called the Canadian Light Source 'their secret weapon.' That's a great testimonial," says LeClair.

Technologies developed at the University of Saskatchewan have led to the establishment of some of Saskatoon's best known companies, including SED Systems, International Road Dynamics and Philom Bios. The potential exists for many more successful start-ups and spin-offs.

"Lots of work needs to be done to build a good commercialization structure. SREDA is part of that discussion," says LeClair.

"We started a project last year involving angel tax credits and flow-through share structures that would help support companies that are developing technologies for commercialization. SREDA is part of a very strong working committee and I think we have some broad consensus. Expertise is not the issue. It's the expertise around financing and those kinds of issues that keep a company going. We need to build on that. It's critical."

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