



Edmonton's *Economic Future* 2009

Presented By:

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Edmonton Economic Development Corp.

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Over the Past 12 Months

- *Significant downturn in the global economy*
- *Virtual seizing up of credit markets*
- *Precipitous decline in stock markets around the world*
- *Dramatic drop in commodity prices*
- *Decisive and coordinated actions by world governments to address the financial and economic crisis*

Edmonton's Economic Future



2007

Irrational Exuberance

Allan Greenspan

2008

Optimism

Pessimism

2009

Irrational Depression

Stephen Jarislowsky



Important Economic Questions

- *Is this a Recesssion or a Depression?*
- *How severe will it be, and how long will it last?*
- *How will Canada, Alberta and Edmonton be impacted?*
- *When it is over, will the world have changed and if so, how?*
- *What are the implications for Edmonton, both over the short and longer term?*

Presentation Outline

- *Edmonton Today*
- *Opportunities and Threats*
- *The Challenge*
- *The Plan*

Edmonton's Economic Future

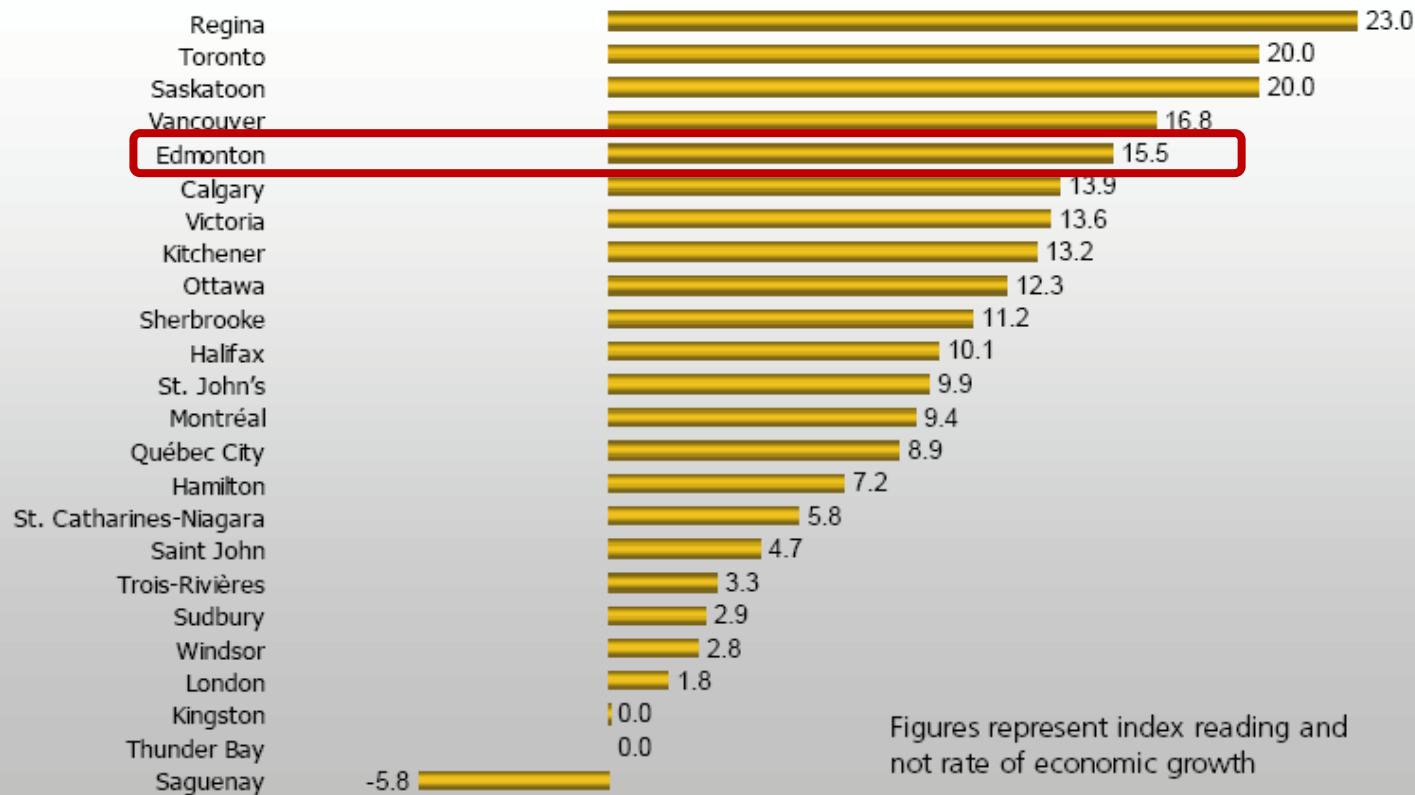


Edmonton Today

Overall Economic Performance

CIBCWM Metropolitan Economic Activity Index (2008Q3)

3Q Moving Average

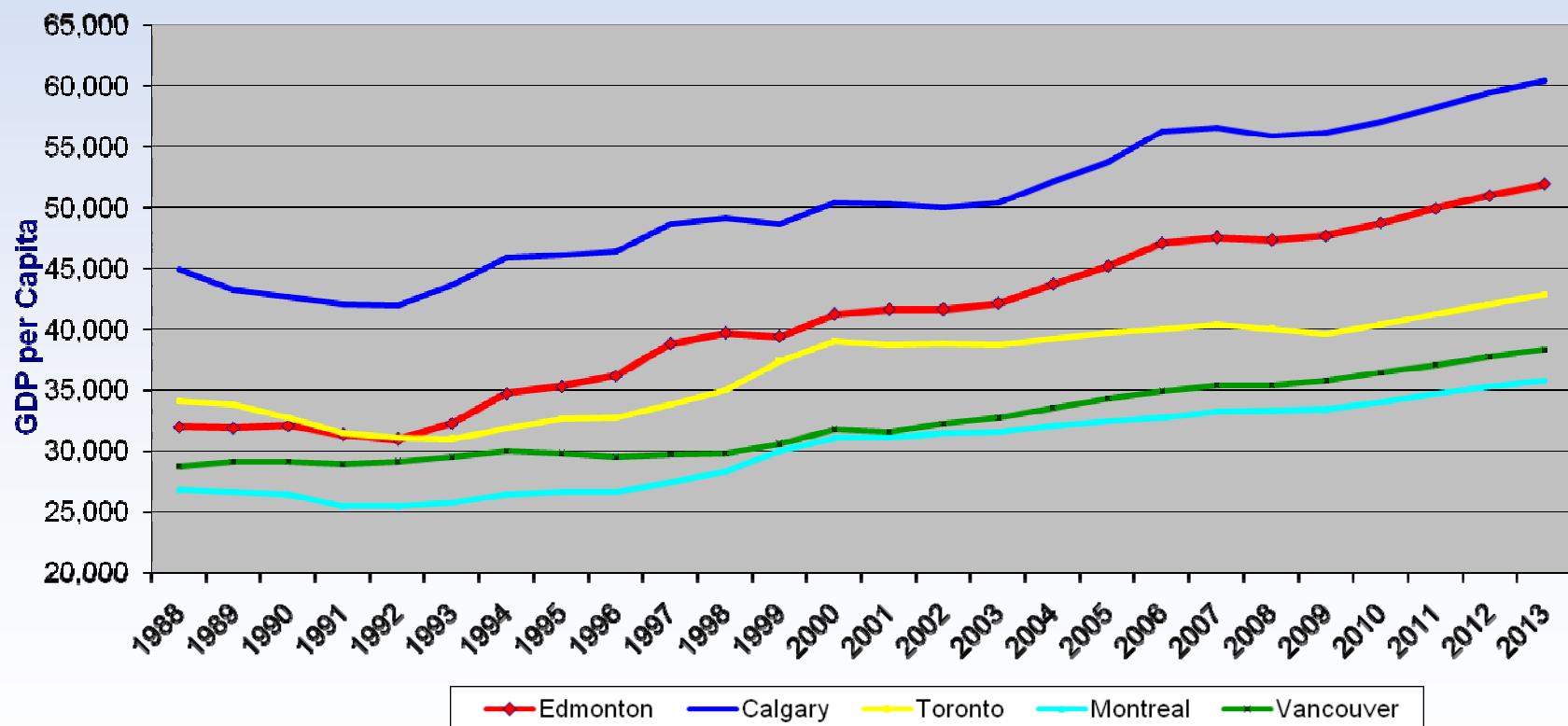


Overall Economic Performance

- Edmonton continues to have important economic strengths
- Key indexes
 - Unemployment rate - #2 – second lowest in Canada
 - Full time employment - #5 – fifth highest in Canada
 - Consumer bankruptcies - # 5 – fifth lowest in Canada
 - Business bankruptcies - #1 – lowest in Canada

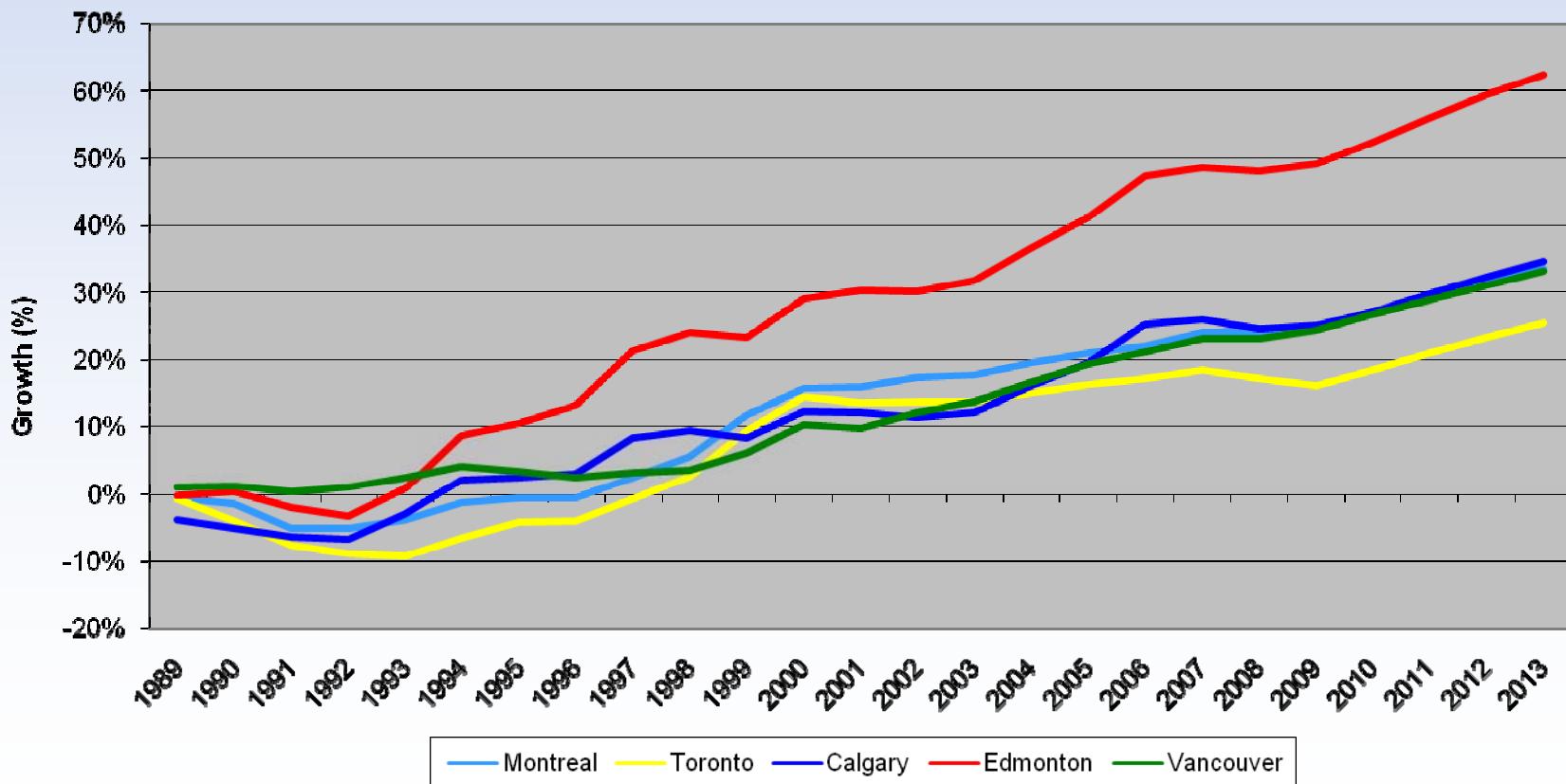
Economic Growth

GDP per Capita



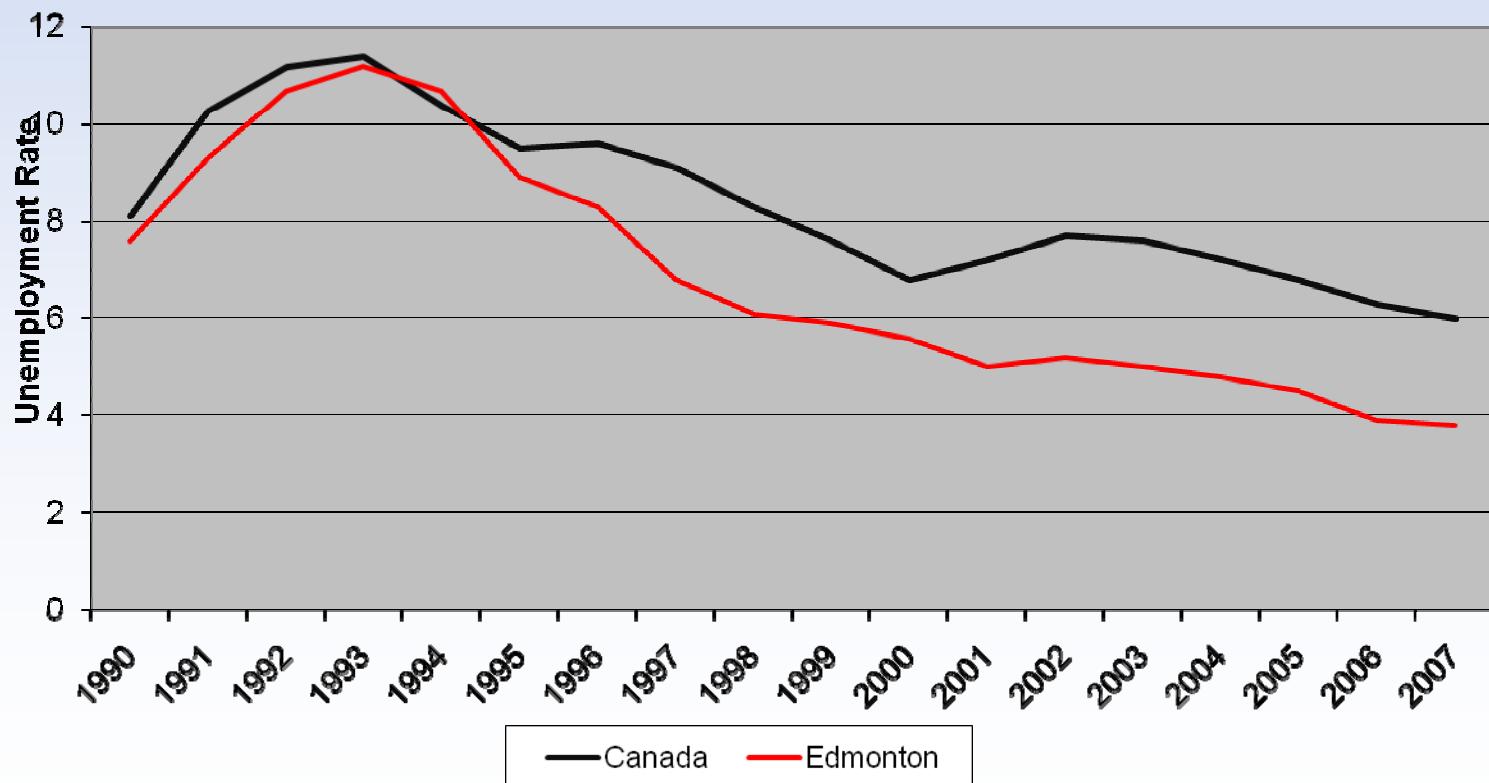
Economic Growth

GDP per Capita Growth

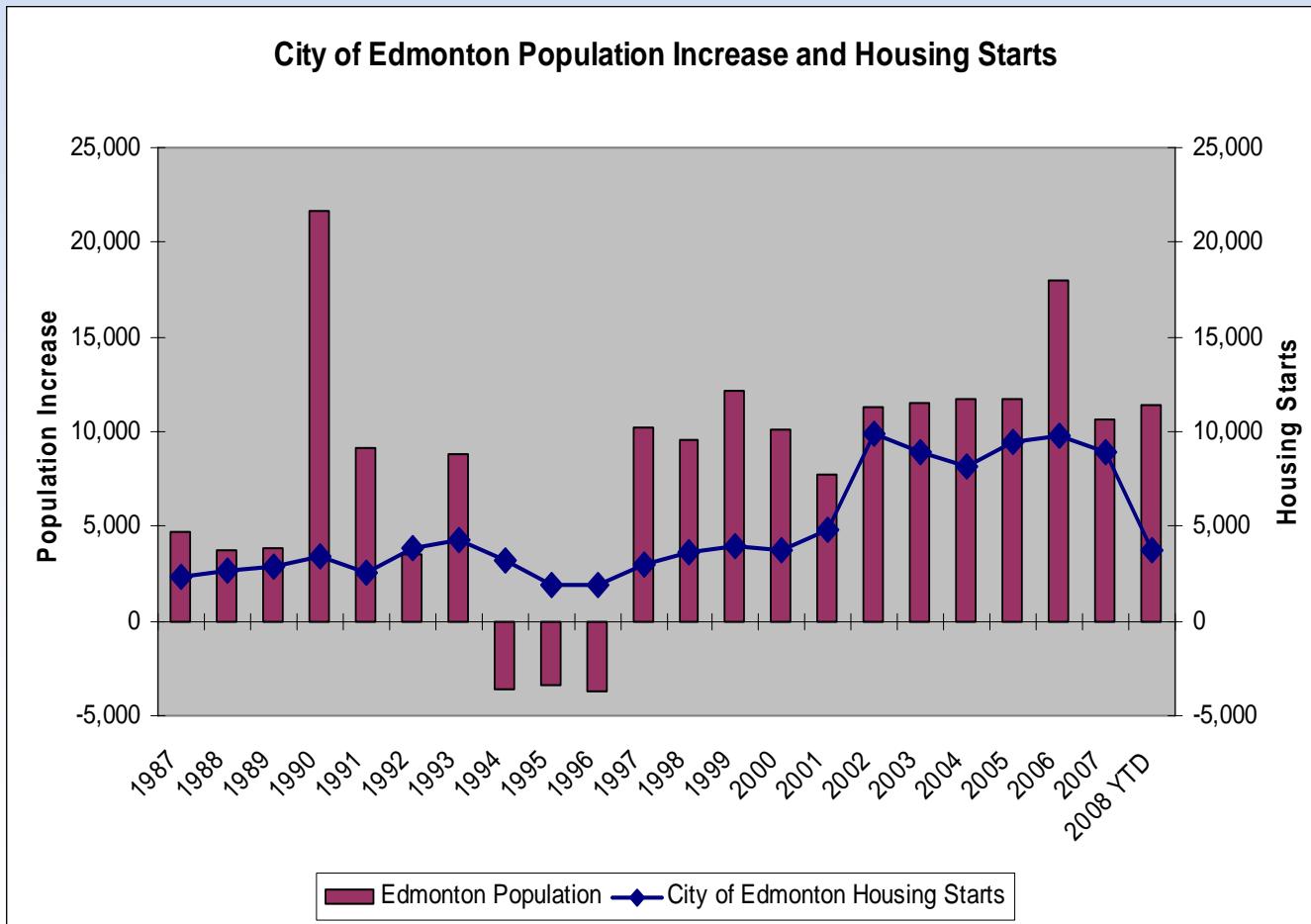


Employment

Unemployment Rates



Housing



Major Projects



Current State of Edmonton's Economy

- Edmonton's economic fundamentals remain solid
- Can expect a slowing down of the economy in the coming year
 - Slowdown varies by industry sector and market
 - Overall still expecting positive growth for the year
- Slower growth brings some benefits
 - Reduced inflationary pressures
 - Helps address problems with the “Dutch disease”

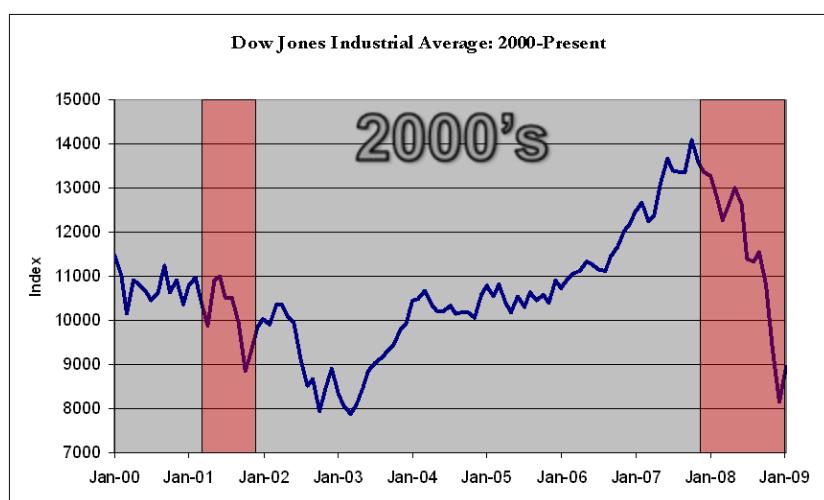
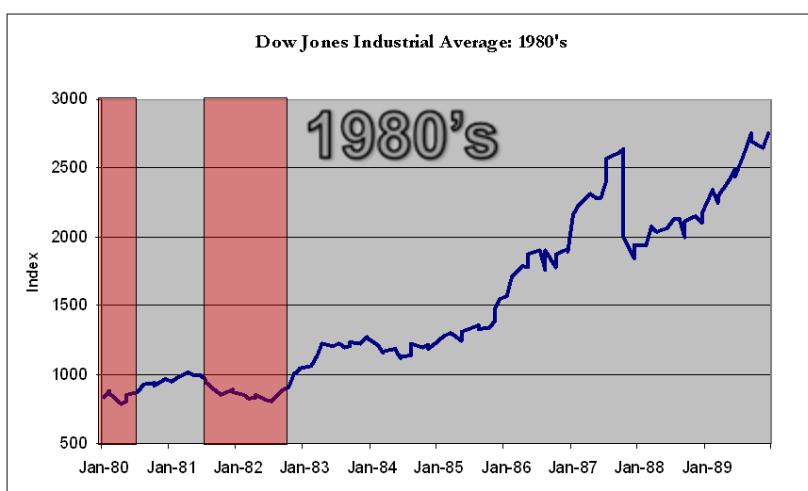
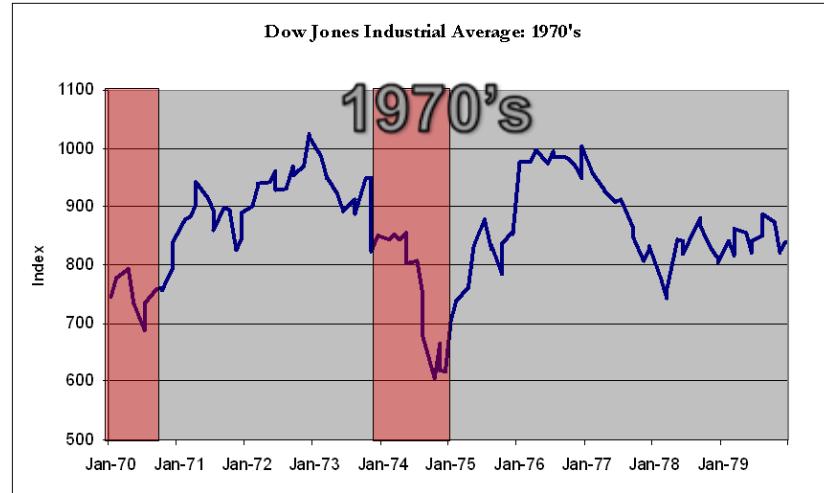
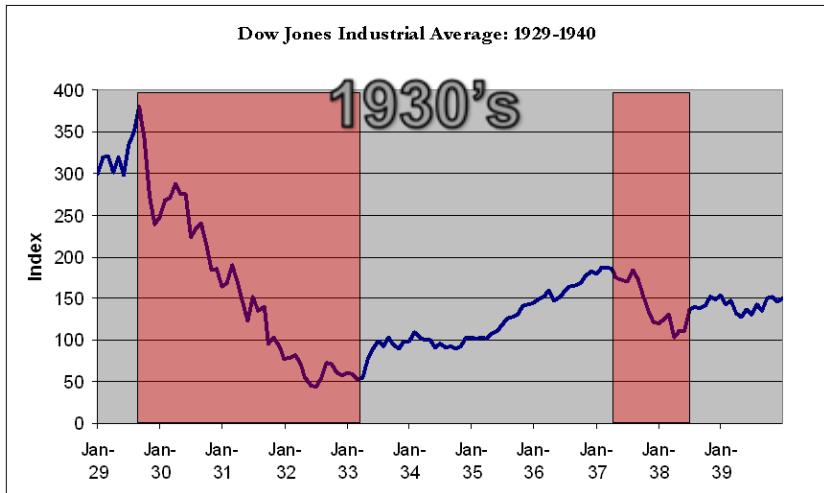
Opportunities and Threats

Opportunities and Threats

Major Economic Events and Trends Impacting on Edmonton and Alberta

- Global financial and economic crisis
- Changing world economy
- Global oil and gas markets
- Populations and labour forces
- Edmonton's changing economy

Opportunities and Threats

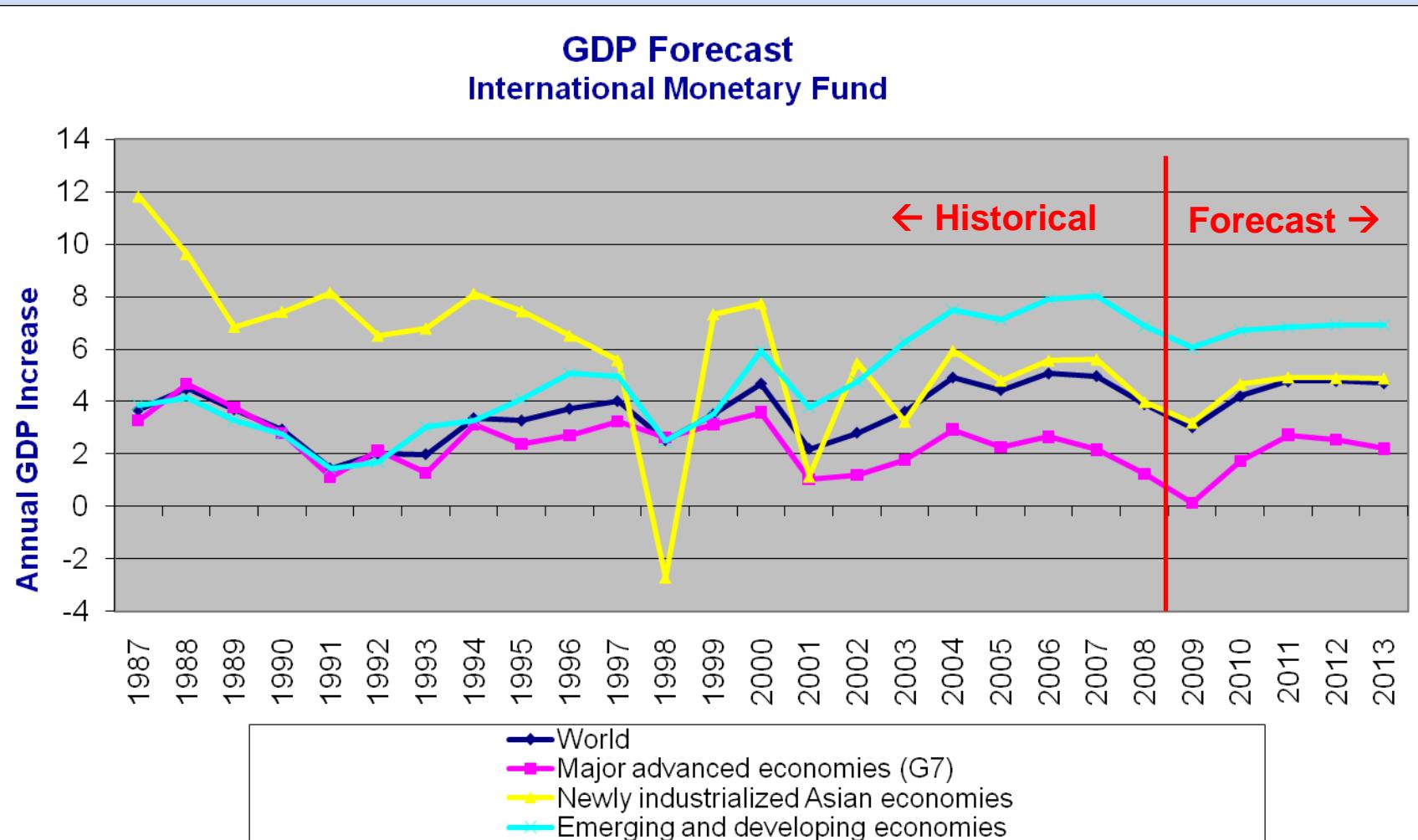


Opportunities and Threats

Financial and Economic Outlook

- This is part of an economic cycle, and at some point the recession will end and growth will resume
- The downturn will likely be more severe and longer lasting than most originally expected
- Canada, Alberta and Edmonton will likely fare better than other countries / provinces / areas of Alberta

Opportunities and Threats



Near Term Economy

Provincial Forecast		Real GDP		
		07A	08F	09F
Edmonton	British Columbia	3.0	1.5	1.5
Vancouver	Alberta	3.1	1.3	1.9
Calgary	Saskatchewan	2.5	3.0	2.4
Toronto	Manitoba	3.3	2.0	1.4
Ottawa	Ontario	2.3	-0.1	0.1
Montreal	Québec	2.6	0.4	0.4
Canada	New Brunswick	1.7	1.2	0.7
	Nova Scotia	1.7	1.2	1.2
Conference Board of Ca	Prince Edward Island	2.4	0.7	0.7
	Newfoundland & Labrador	9.1	0.7	0.7
	Canada	2.7	0.6	0.8

A Changing World

- Dramatic shifts in the global economy can be expected over the next 3 to 4 decades
- These shifts being driven by, or reflected in, changes in:
 - Balance of power
 - Population
 - GDP
 - Globalization

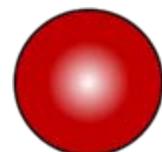
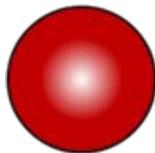
Opportunities and Threats

Balance of Power

Cold War

A Bi-Polar World

U.S.A.

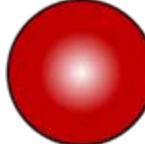


U.S.S.R.

Recent

A Uni-Polar World

U.S.A.



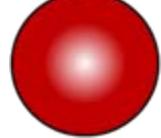
Future

A Multi-Polar World

Europe



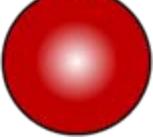
Russia



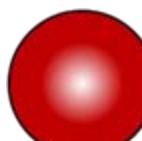
U.S.A.



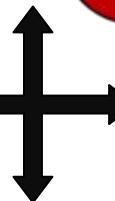
China



Japan

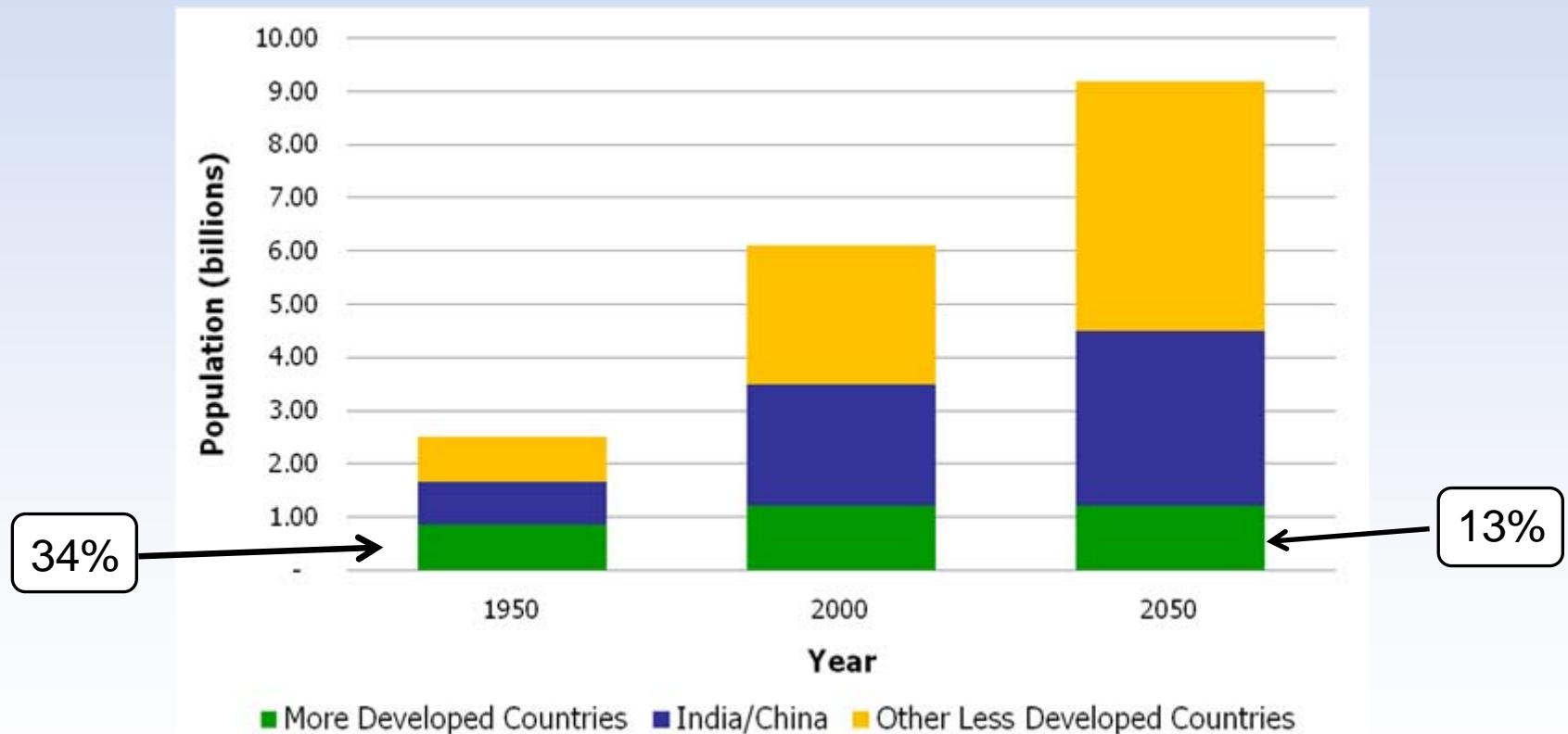


Gulf States



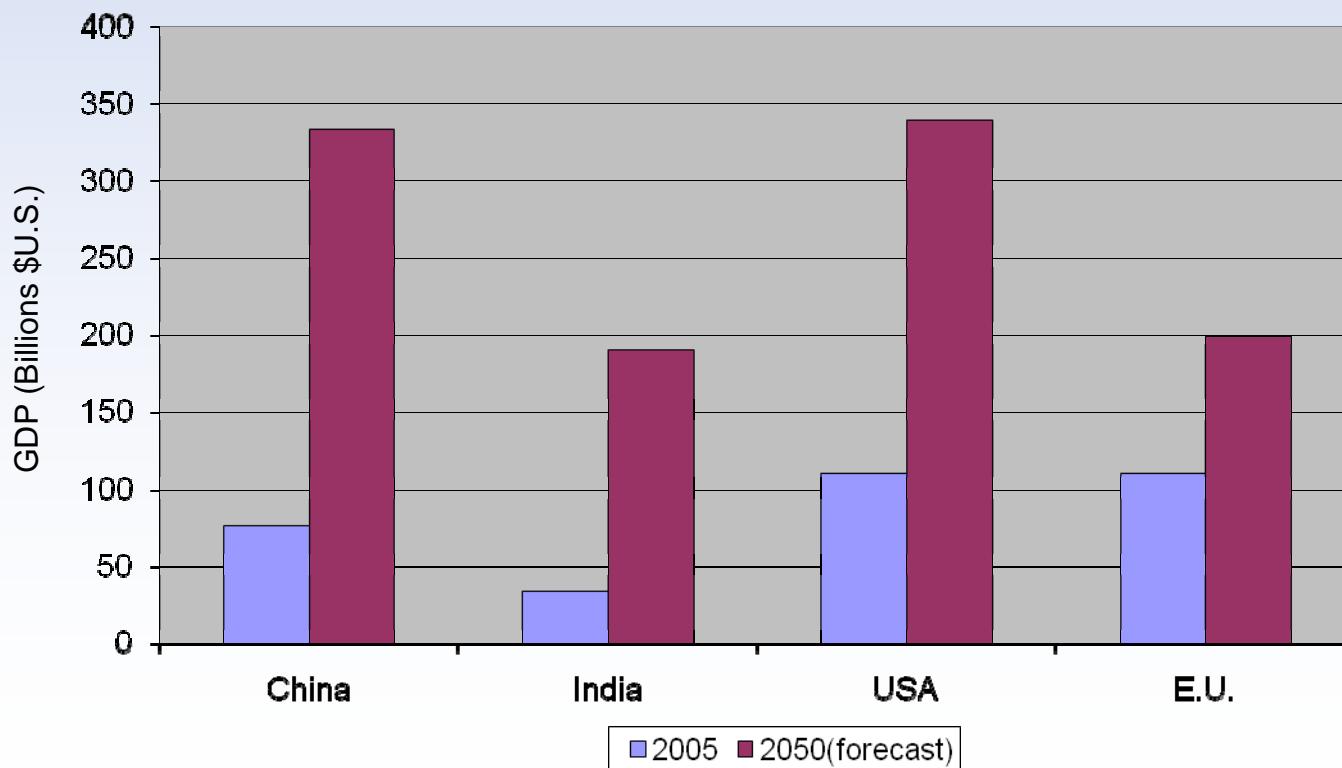
Opportunities and Threats

Global Population Changes



Changing World Economy

GDP of Major Nations
2005 and 2050



Opportunities and Threats



Globalization

The iPod Value Chain

\$224 Wholesale Price

Where revenues are captured



Apple:

59%



Manufacturers Headquartered In:

32% Japan

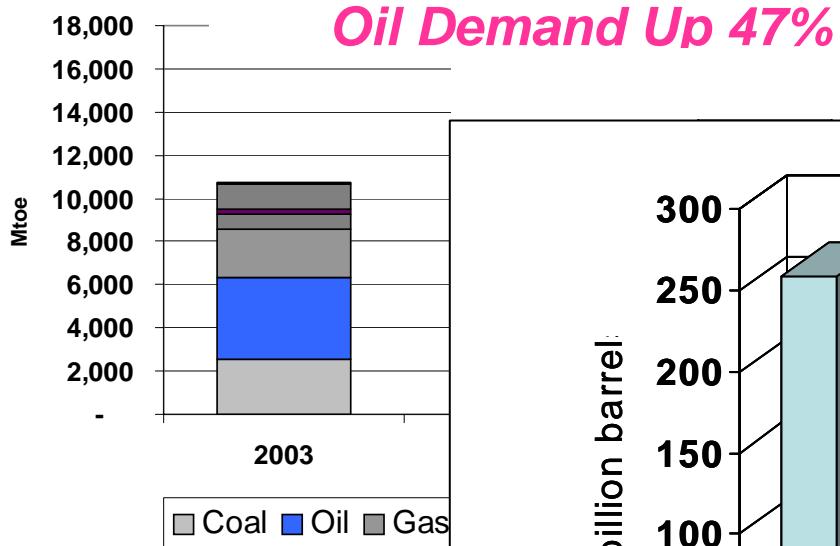
8% USA

1% Taiwan / Korea / Other

Source: Personal Computing Industry Center: 2006

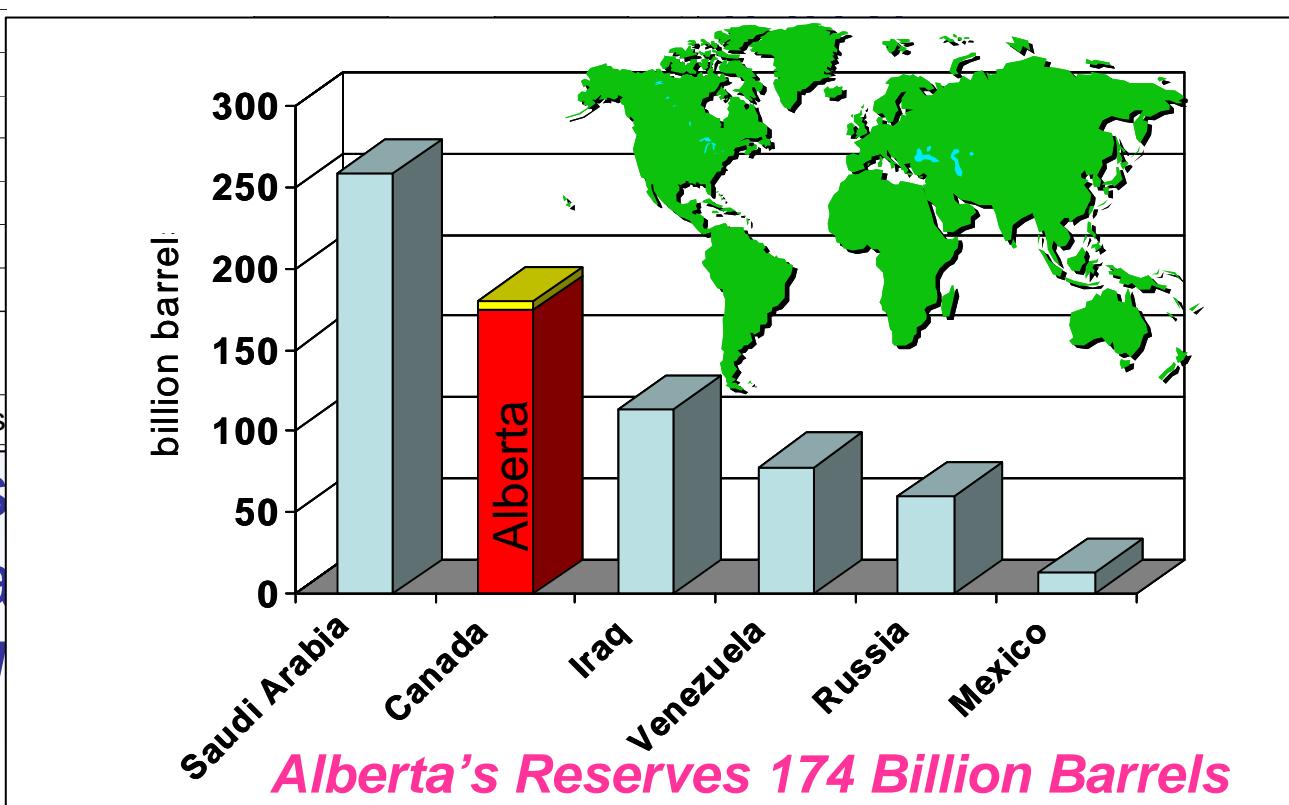
Opportunities and Threats

WORLD ENERGY DEMAND



Markets

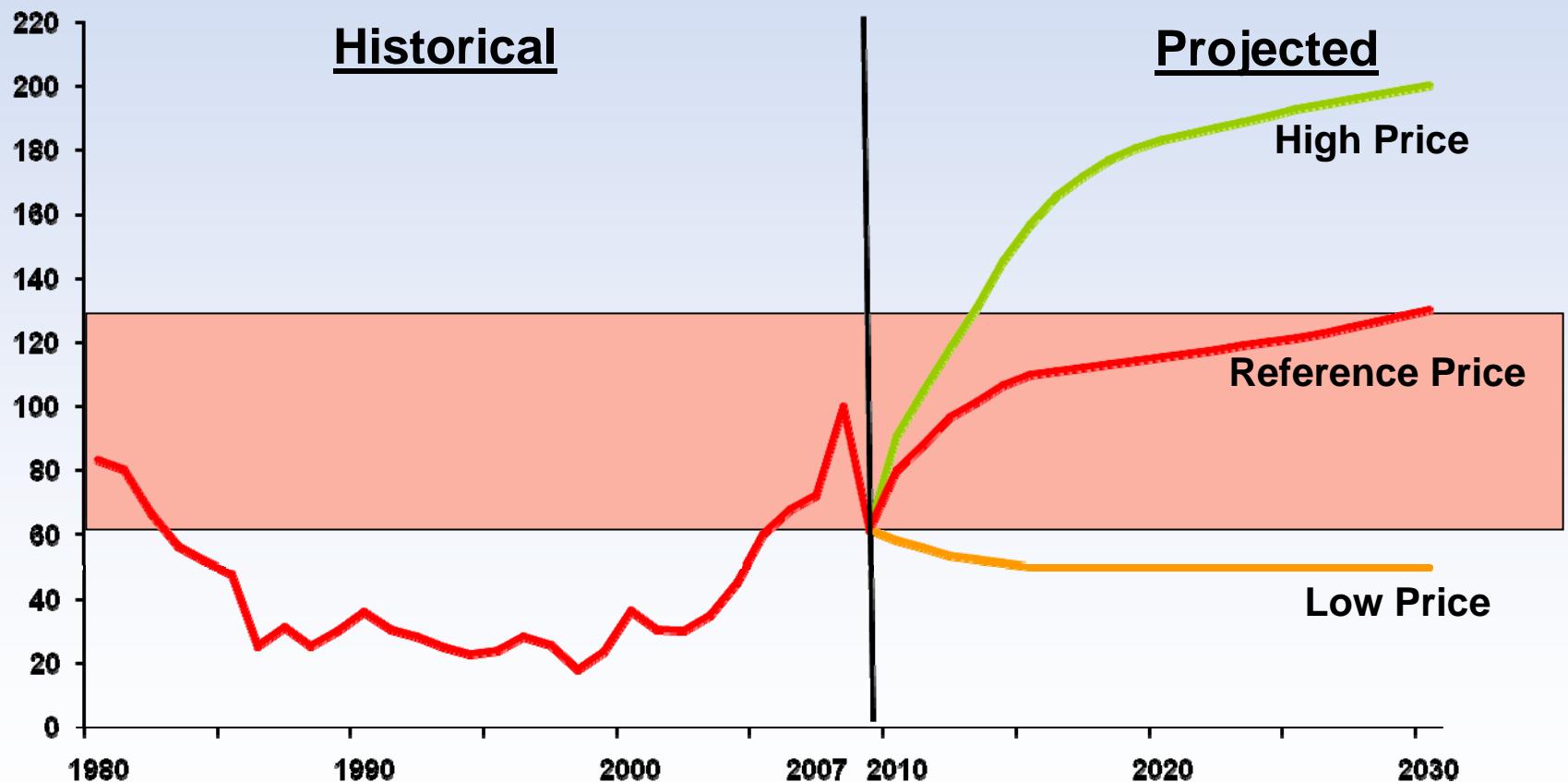
PROVEN OIL RESERVES



- Alberta's viewed as a *political*

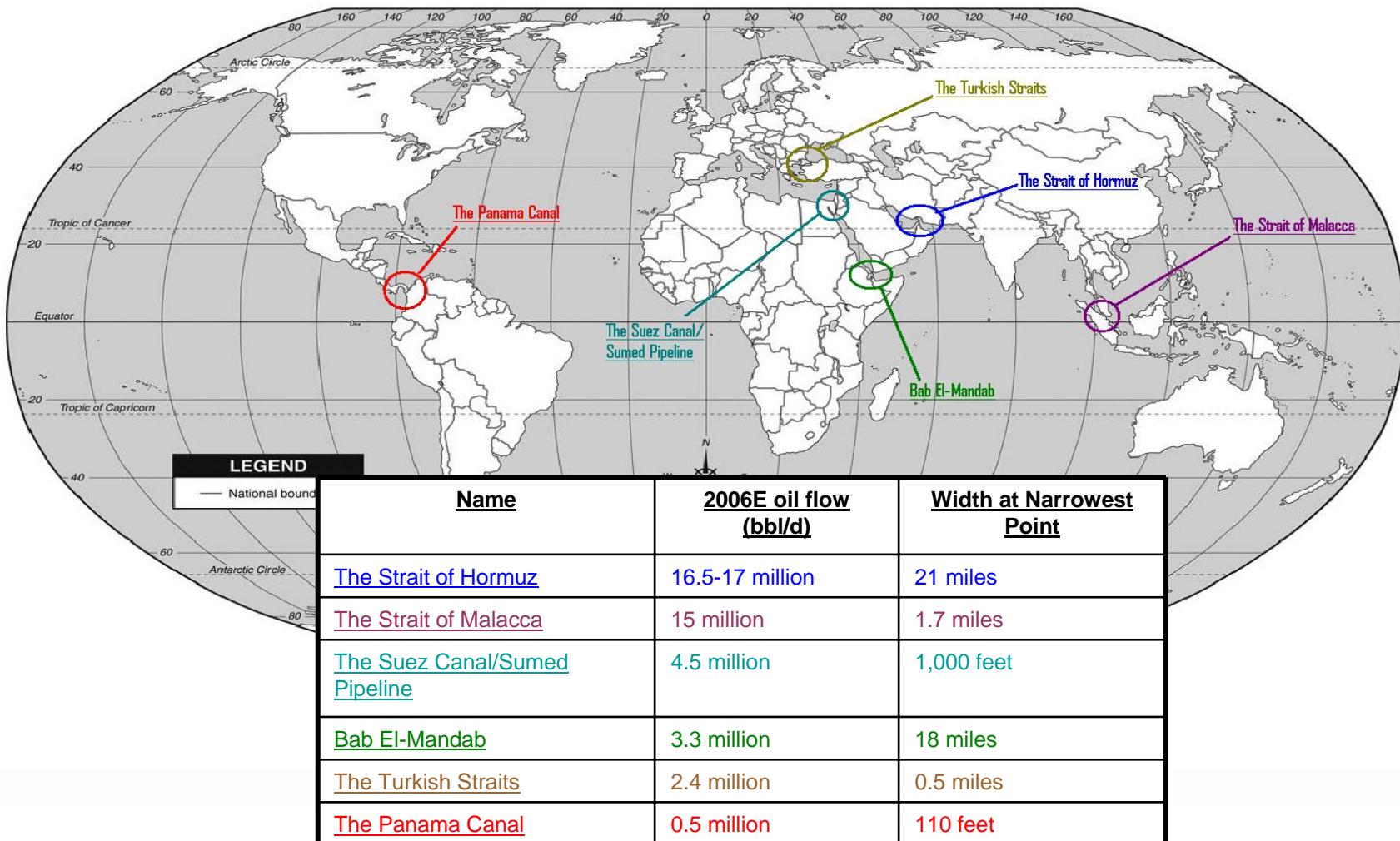
Opportunities and Threats

Price of Oil



Opportunities and Threats

Global Oil Transport Routes



Opportunities and Threats

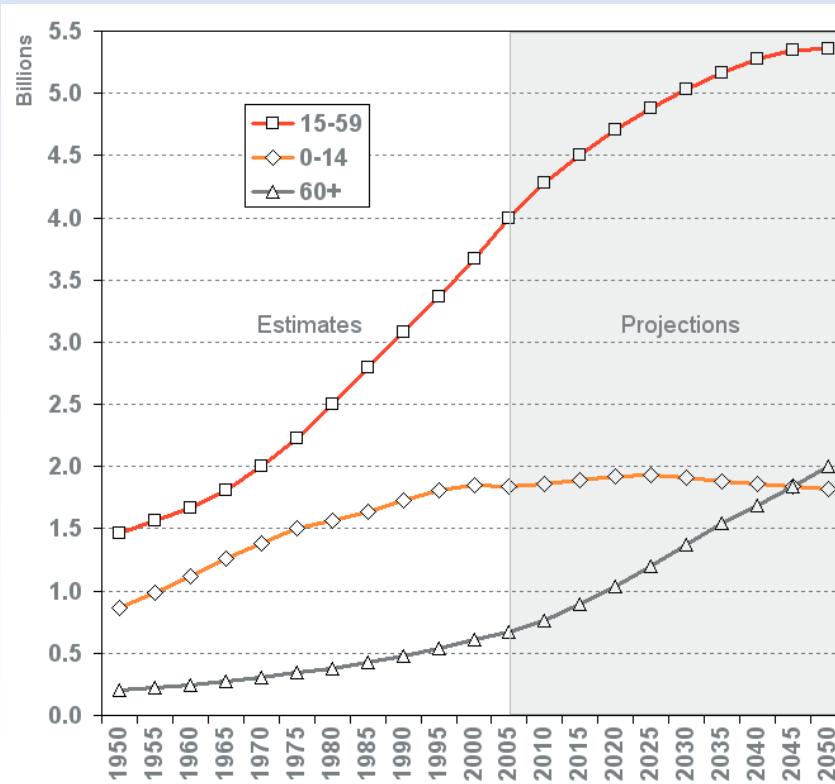
Populations and Labour Forces

- In virtually all industrialized nations, labour forces being impacted by 2 macro trends:
 - Declining populations
 - Aging populations
- As a result, in these nations' unemployment levels are approaching all time lows
- Over the coming 50 years, labour shortages will be one of the most important challenges to be faced by industrialized nations

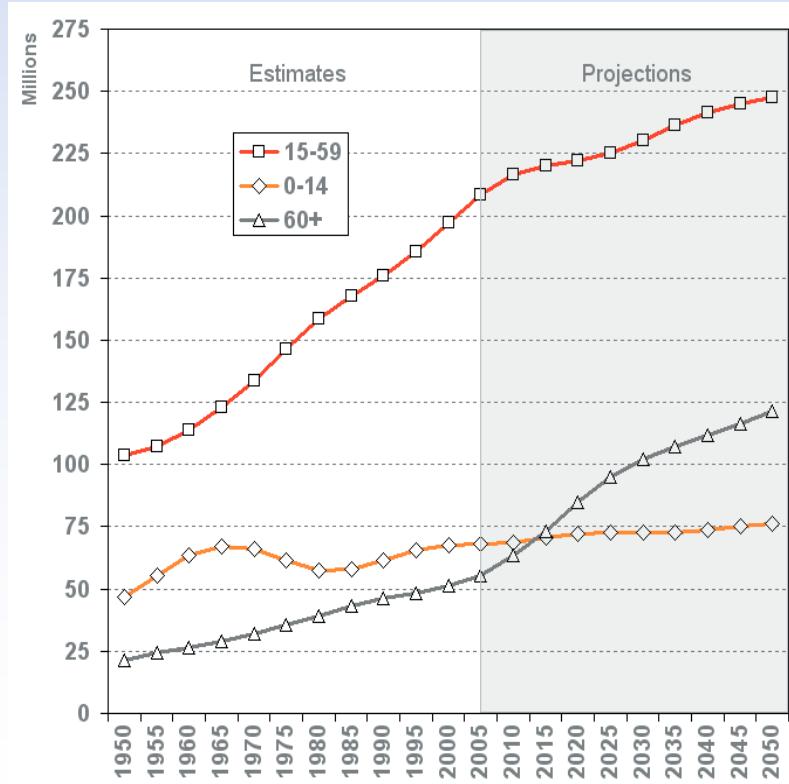
Opportunities and Threats

Populations and Labour Forces

World Population by Age Groups
1950-2050



Northern America's Population by Age Groups
1950-2050



Opportunities and Threats

Edmonton's Changing Economy

- We are becoming more productive
- We are benefiting from higher incomes
- We are becoming better educated
- We are growing as a centre of economic activity
 - Health care
 - Education
 - Advanced Technology
 - Financial Services and Investment Management

Edmonton's Changing Economy

In the Future

**To be competitive,
we need to rely on:**

- Innovation
- Productivity
- Flexibility
- Responsiveness

In the Future

**We won't be able to
compete in terms of:**

- Cost
- Labour availability
- Access to markets

Opportunities and Threats

What This Means for Edmonton

- ***The current recession is part of a cycle***
 - We can expect a slowdown, but we also need recognize that there will be a recovery
 - Individuals, companies and governments need to manage prudently
 - Use this time to plan and prepare for future growth
- ***The global economy will change significantly in the future***
 - Important that Edmonton understand these changes and their impact on our economy
 - Important that we begin to think and act like a global player

Opportunities and Threats

What This Means for Edmonton

- *Alberta is increasingly being recognized as an energy superpower*
 - Oil will continue to be a valued source of energy for the foreseeable future
 - Alberta can expect to become one of the world's largest, and most secure, suppliers of oil and value added products
 - Environmental issues are real, and if not dealt with, pose a serious threat to Alberta's energy industry

Opportunities and Threats

What This Means for Edmonton

- ***Availability of labour is critical***
 - Shortage of skilled labour is one of the most important long-term challenges faced by the Alberta economy
- ***Edmonton's economy of the future***
 - To sustain our quality of life and income levels, working harder and longer won't be enough
 - The key is a knowledge-based economy – one that is characterized by innovation, productivity, flexibility and responsiveness

The Challenge

The Challenge

Where Do We Want to be 20 Years?

- 1. Establish a sustainable and internationally competitive economy**
- 2. Offer high quality employment opportunities and good incomes**
- 3. Provide citizens with a world-class quality of life**
- 4. Be globally recognized as a leading city**

The Challenge

Setting a Goal

***To have Edmonton become recognized
as one of the world's top 5 mid-sized
cities***

The Challenge

The World's Largest Cities

City Type and Size		Number of Cities		
Type	Population	North America	Rest of World	Total
Mega	20.0 M Plus	2	5	7
Very Large	10.0 – 20.0 M	1	17	18
Large	5.0 – 10.0 M	11	28	39
Intermediate	2.5 – 5.0 M	11	86	97
Mid-Size	1.0 – 2.5 M	43	264	307
Total		68	400	468

The Challenge



Who are the Benchmarks?

Who is our Competition?

- Munich
- Lyon
- Orlando
- San Antonio
- Abu Dhabi
- Pretoria
- Stockholm
- Vancouver
- New Orleans
- Cologne
- Calgary
- Amsterdam
- Xiamen
- Glasgow
- Dubai
- Copenhagen
- The Hague
- Auckland
- Memphis
- Oslo
- Ottawa
- Fukuoka
- Columbus
- Brisbane

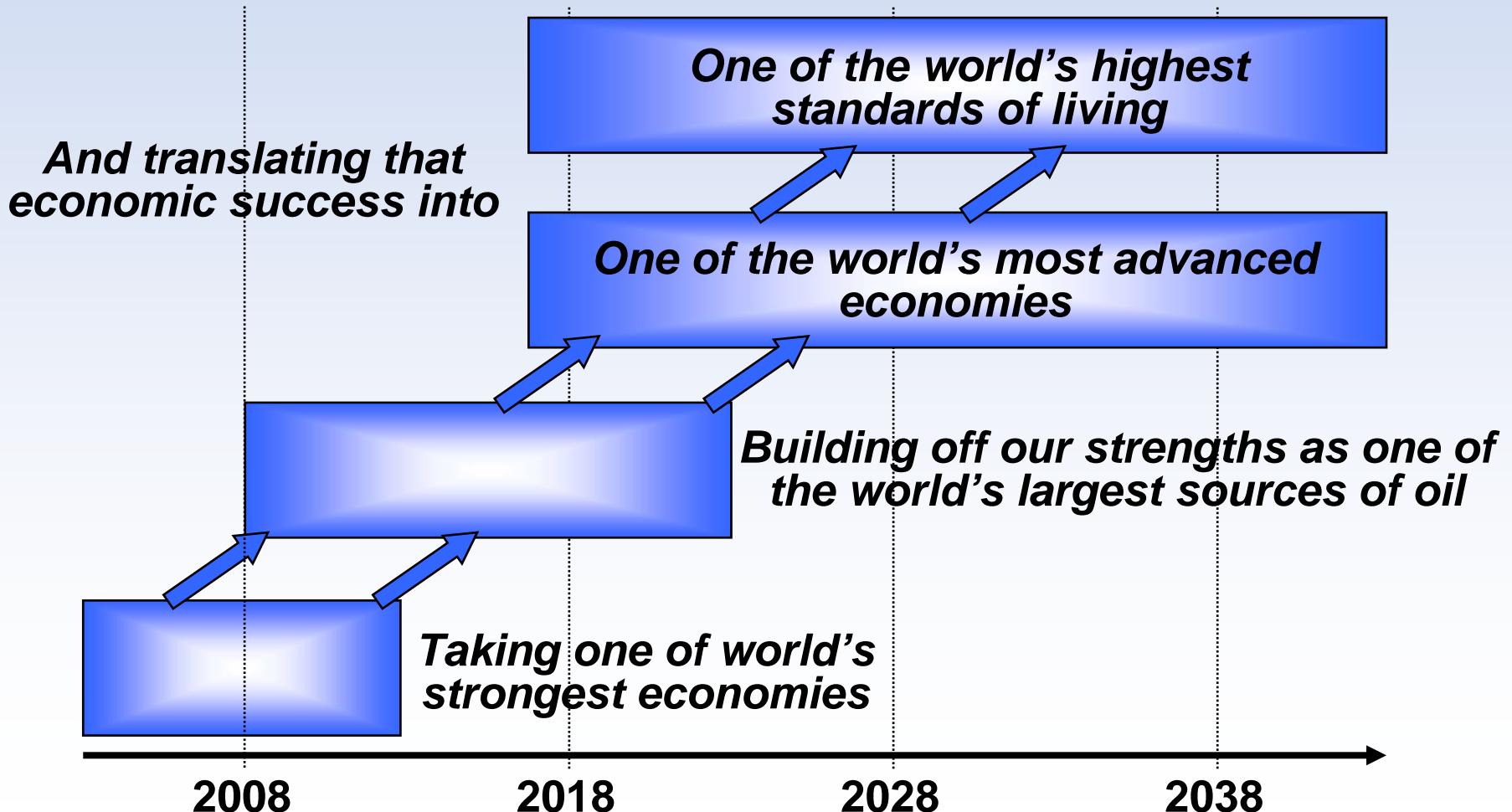
Edmonton's Economic Future



The Plan

The Plan

Edmonton's Economic Strategy



Near Term Economy

Economic Priorities

- Labour force growth
 - Improved productivity and innovation
 - Increased immigration
- Improved image as a world-class city
- Continued efforts to diversify the economy and support the growth of knowledge-based sectors

Medium Term Economy

Economic Priorities

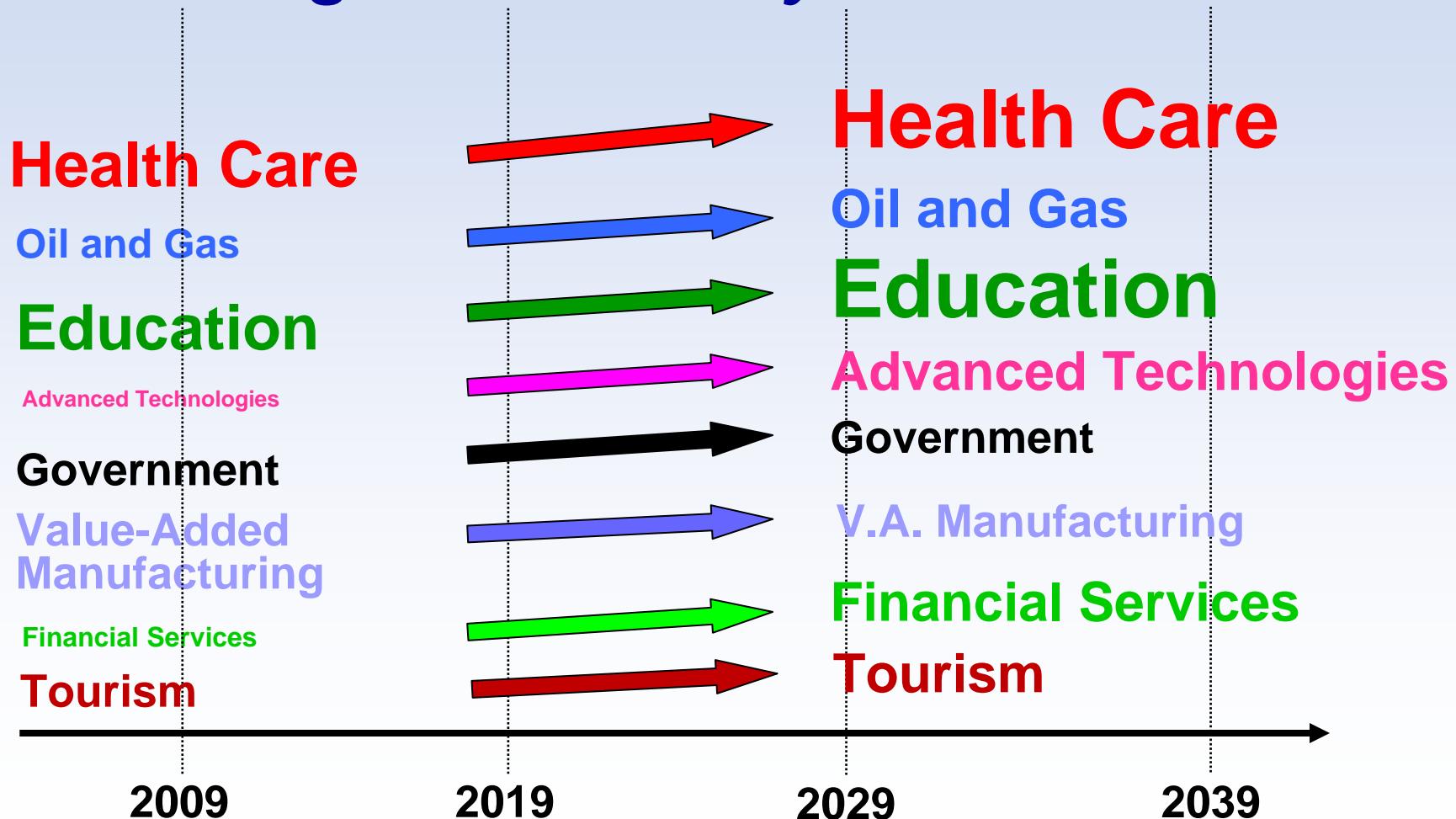
- Labour force growth
- “Getting it right” – balancing economic growth with sustainability
- Continued diversification of the economy
- Creating Edmonton’s “economy of the future”



Long Term Economy



Growing the Economy of the Future



Edmonton's Quality of Life



***Focus on
establishing
Edmonton as
one of the
world's great
mid-size
cities***



The Plan

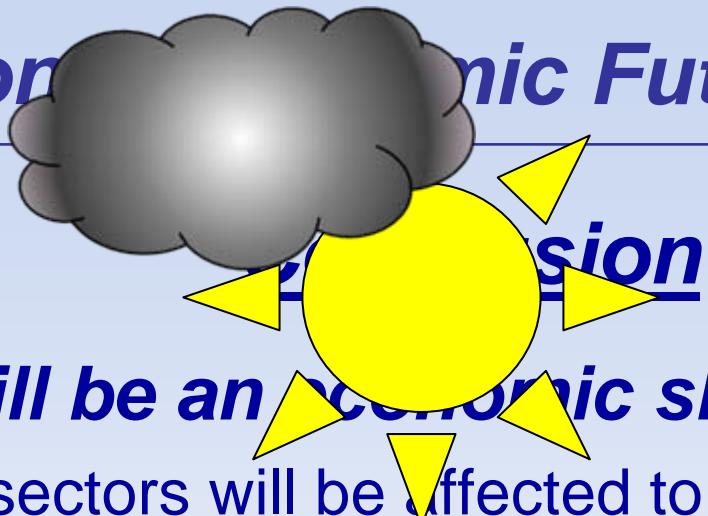
Major Initiatives

- ***Workforce***: requires significant improvement and expansion
- ***Edmonton's Image***: need to raise and continue to improve the recognition and perception of the community
- ***Diversified Economy***: need to develop the “economy of the future”
- ***River Valley***: need to exploit Edmonton’s most unique and impressive geographic feature

The Plan

Major Initiatives

- ***Civic Infrastructure***: downtown development, transportation routes and services, cleanliness
- ***External Transportation***: airports and air service, highways, pipelines, railways
- ***Cost of Living***: need to keep it competitive, especially housing
- ***Crime and Safety***: have to improve both the reality and perception
- ***Major Events***: key to raising Edmonton's profile



- ***There will be an economic slowdown***
 - Not all sectors will be affected to the same extent
 - Edmonton will likely be less impacted than most other major centres
- ***Edmonton continues to have a bright economic future***
- ***The world is changing, and we need to change with it***

**This presentation can be obtained from EEDC's
corporate website: www.edmonton.com/eedc**

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