The Greater Regina Area: How We Compete
Comparative Analysis of Economic Competitiveness
Research and Analysis Report

Completed by Economic Development Regina

October 2023

ECONOMIC DEVELOPMENT REGINA

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Colin Savage is a global leader with advanced education, experience and success in academia, government, marketing and research, consulting (business, risk and strategy), digital transformation, investment management and executive leadership across 70 countries. Since returning to his hometown of Regina, Colin has expanded his focus to include digital marketing, capital infrastructure, public sector and Indigenous consulting, and advisory work with entrepreneurs, startups, First Nations groups, multinationals, Crown Corporations and investment firms in Canada and worldwide. Underpinning this, Colin possesses deep expertise in business development, marketing, research, sales and strategy that incorporates traditional, tailored and advanced techniques, including AI, to create sustained, tangible success.

At EDR, Colin leads the Growth & Investment and Economics & Data Analytics teams to be curious, to channel effort, to produce insight and to lend expertise to rejuvenate Regina's economy. As a researcher, writer, editor and thought leader, Colin has a diverse portfolio of academic, industry and sector articles, reports, business cases and feasibility studies, books, and other publications. Open and eager, Colin and his team actively engage all interested parties to grow the Greater Regina Area's economy – together.

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George Sakyi is an economics professional with extensive experience in public and private sectors and with non-profit organisations. He holds a master's degree in economics from the University of Saskatchewan after completing undergraduate studies in economics, mathematics and statistics at the University of Ghana. Throughout George's career, he has been involved in projects and initiatives involving The Government of Ghana, The International Finance Corporation, The Government of Saskatchewan (as a Senior Consultant for Strategic Initiatives) and private companies. That work has helped him develop a deep understanding of economic theory, policy analysis and statistical analysis.

George is passionate about leveraging his quantitative skills to contribute to the field of economics and drive informed decision-making to positively impact communities around the world. Currently, George is writing a chapter on infrastructure development in North America for an upcoming book, "*Routledge Handbook of Infrastructure Finance: A Global Perspective.*"

As EDR's in-house economist, George provides economic insights and policy / impact analysis focused on the GRA for EDR and its partners. He focuses on macro / microeconomic trends, projects and key indicators within the GRA, and beyond, alongside using his experience to develop business case proposals and led project teams. George is committed to supporting EDR's transformation into a data and analytics authority in the GRA, alongside its peers and in support of parties interested in the GRA and its opportunities.

The Greater Regina Area: How We Compete Comparative Analysis of Economic Competitiveness

Introduction

In the rapidly evolving and competitive business and labour attraction landscape, the Greater Regina Area (GRA) recognizes how important it is to proactively maintain its position as a thriving economic hub. To strategically position the GRA and identify areas for growth, Economic Development GRA (EDR) led this comparative analysis into economic prosperity relative to similar cities in Canada and in the United States.

Using expert analysis to effectively communicate results on the GRA's economic prosperity to leaders, residents and businesses, EDR conducted a SWOT analysis across key sectors of the GRA's economy. This includes measures that influence and impact economic prosperity, notably: business and personal tax regimes; resource royalty regimes; utility rates; provincial and municipal incentive programs; permitting times; development charges and fees and so on. These illustrate how the GRA leads, compares or trails similar communities in those areas as well as the quality of life. All told, these factors and more were leveraged to construct our analysis shared herein.

Overall, this report presents a cross-sectional analysis and highlights how the GRA compares to other similar jurisdictions across Canada and into the United States. Our report includes statistics, analysis and insights that, combined, will aid elected officials, staff, residents, business owners and policymakers better understand the competitive advantages of the GRA. Lastly, this report includes a briefing note on the City of Calgary's Opportunity Calgary Investment Fund (OCIF) – a unique and valuable mechanism for economic growth and investment.

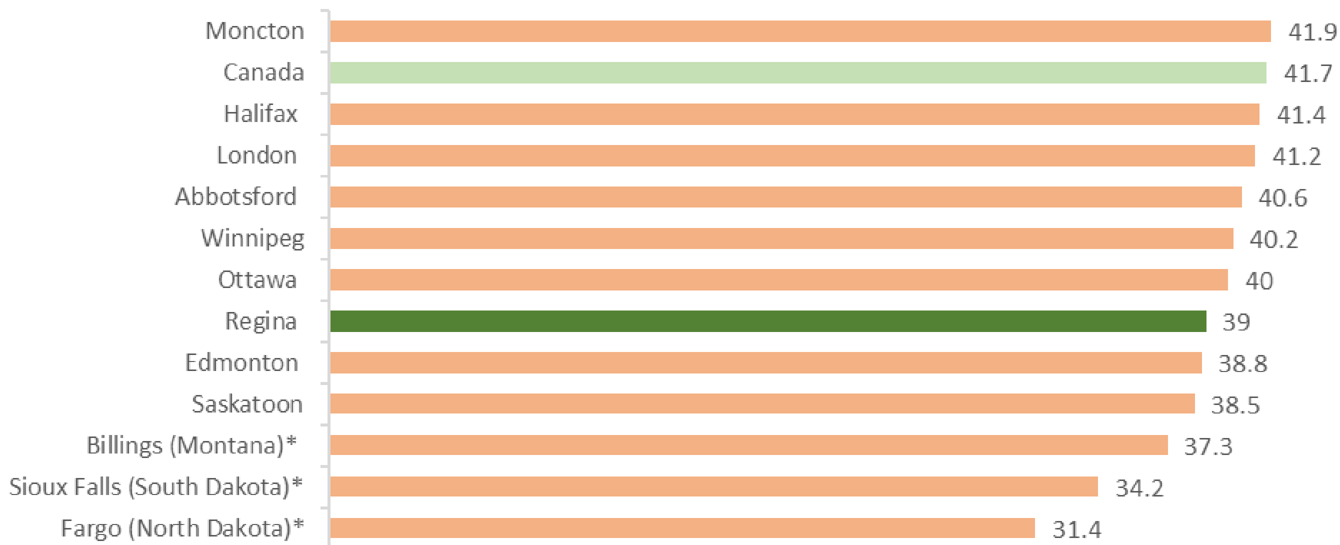
This report and its information are critical to analyzing the GRA's long-term performance and acts as a strong counterpart to key documents and analysis produced annually, notably the City of Regina's Operating and Capital Budgets, Audited Financial Statement and Annual Report.

By understanding the competitive landscape, the GRA can leverage its strengths, address its weaknesses, capitalize on emerging opportunities and formulate effective strategies to attract businesses and labour, foster innovation and, overall, drive economic development.

The GRA is a young community

The GRA is a young community with a residents' average age of 39 years (the Canadian average is 41.7 years). This illustrates its youthfulness when compared to cities across Canada (Figure 1).

Figure 1: Comparison of Average Resident Age in Select Canadian and US Cities



Sources: Statistics Canada, United States Census Bureau. All data is from the 2021 census except data points marked * (from 2020).

Youth and the GRA's economy

A common belief is that, if a city's population is young, it is good for its economy. In instances, a younger population may seem ideal. However, this may also result in other impacts that vary depending on factors like education, government policies and the economy overall. Therefore, careful considerations and targeted policies are critical to maximizing benefits and mitigating challenges associated with a younger population and a city's economic development. Some are illustrated in Table 1 below.

Table 1: Benefits and Challenges of a Young Population on Economic Development

Benefits	Challenges
Potentially large, future labour force to fill employment vacancies and drive key growth	Strain on educational, healthcare and other facilities, services and amenities. Upfront investment is required before youth are economically active
Larger, future tax base leads to increased tax revenue and, potentially, lower overall tax rates	Potential for high unemployment rates if growth required to support the future workforce fails
Potential construction boom as city expands to create amenities, service centres to support residents' needs	Potential for high migration rates if youth are unable to find the jobs and/or have access to social amenities wanted and needed
Rise in consumer spending and market demand, which increases aggregate consumption, boost growth and create more jobs.	Potential strain on accommodation (available and planned) if housing does not keep pace with growth, leading to rises in home prices and rent – ultimately boosting the cost of living

Cost of Living Analysis

Discussion about today's economy focuses on inflation and interest rates, mainly as they directly determine the cost of living. The cost of living is a critical factor for those living in and those attracted to a community, and this section compares key elements of the cost of living (taxes and utility costs) to support individuals, businesses and policymakers in making informed decisions about location, investment and policy. To illustrate this, Table 2 below does an inter-city comparison of provincial / state tax per capita for selected cities in Canada and the United States.

Table 2: Comparison of Provincial / State Tax on Households in Select Canadian and US Cities ($100K Annual Income)

City	Provincial / State Tax Per Capita (CAD$)
Sioux Falls (South Dakota)	$4,583.80
Fargo (North Dakota)	$4,940.00
Edmonton	$5,399.22
Billings (Montana)	$5,460.00
Halifax	$5,878.74
Winnipeg	$6,380.57
Regina (GRA)	$6,986.60
Saskatoon	$6,986.60
Moncton	$7,080.08
Abbotsford	$8,029.38
London	$9,039.12
Ottawa	$9,039.12

Sources: Provincial/ State Consolidated Financial Statements, EDR calculations. Currency conversion rate: 1 USD = 1.3 CAD.

Impact for the GRA Economy

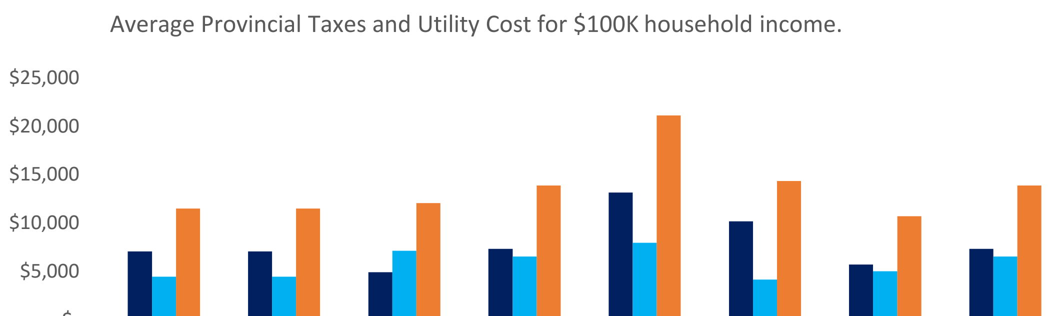
By comparison, the GRA has a lower tax burden per capita than its Canadian counterparts – it is relatively cheaper than similar Canadian cities, resulting in typically higher disposable income and purchasing power for its residents. The after-tax income of residents of the GRA is a good indicator of why people chose to live in the community combined with other factors, including lifestyle preferences. Depending on individuals' sensitivity to tax rate changes, this factor can play a crucial role in retaining existing as well as attracting new residents from domestic and international sources. Figure 2 details the cost-of-living scenario more thoroughly. Among similar Canadian cities, the GRA had the second lowest combined taxes and utility costs for households earning $100,000 annually. This means that residents of GRA will typically have higher disposable income available for personal consumption, savings or investments. This can help stimulate consumer discretionary spending, boost economic activity (creating more jobs), and contribute to economic growth.

An area identified as a challenge is Saskatchewan's Provincial Sales Tax of 6% on goods and services. Of note, Saskatchewan's PST is charged on capital goods bought by businesses, which can be undesirable as taxes on capital can have long-lasting effects on the economy – either by limiting the growth of capital stock and/or reducing long-run growth of productivity and job creation.

A popular analogy – all input taxes are ultimately paid by some people, somewhere, but not by business – suggests that producers could shift any tax burdens to consumers to minimize costs, ultimately raising consumption costs. Residents call this 'Taxing the Tax,' and it could be a disincentive for people and small businesses wanting to locate in the GRA. For example, when compared with cities in Alberta, those communities, which are both neighbours and co-equals, offer a lower income tax rate alongside the absence of a provincial sales tax on consumer goods and services. This tax differentiator makes communities in Alberta more competitive than Saskatchewan and likely to attract individuals and businesses locally and internationally.

Most recently, Alberta has seen an influx of both local and international migrants leading to massive economic posterity for the province. Similarly, the United States is known for and employs its typically low tax burden as an important factor in attracting skilled individuals. Our comparative research illustrates Alberta's tax benefit, particularly Edmonton (Alberta) as a highly competitive location.

Figure 2: Comparison of Average Provincial Taxes and Utility Costs in Select Canadian Cities ($100K Annual Income)



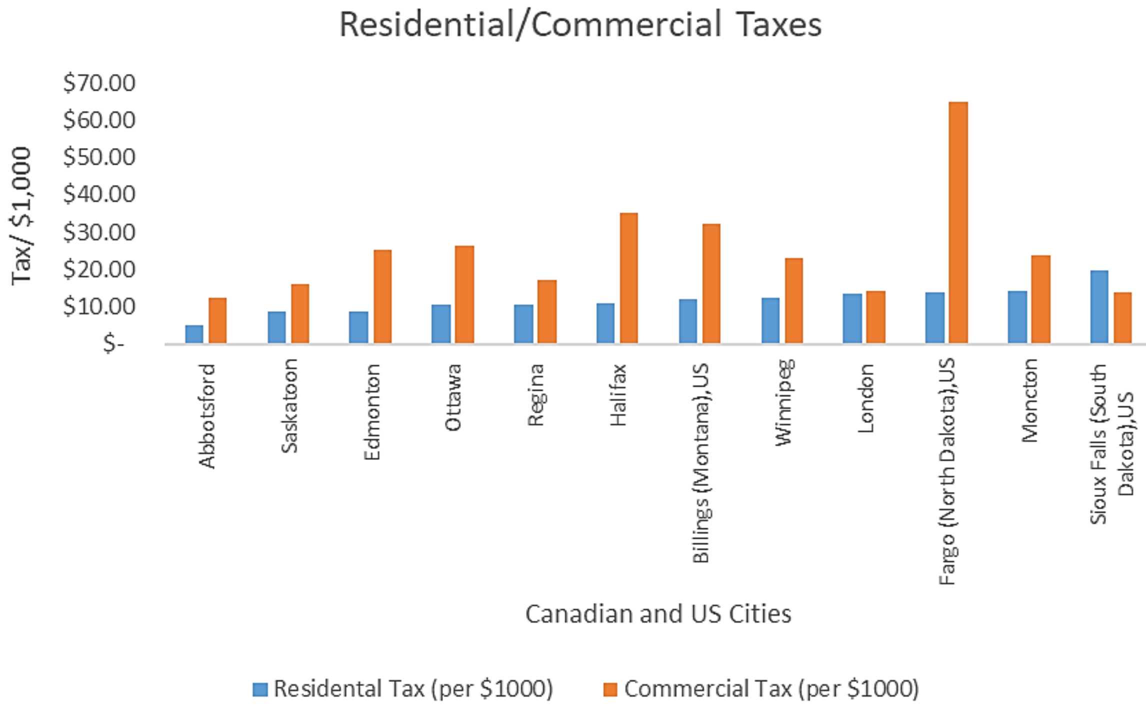
	Regina	Saskatoon	Edmonton	London	Halifax	Winnipeg	Abbotsford	Ottawa
Provincial Taxes	$7,056	$7,056	$4,913	$7,324	$13,151	$10,185	$5,695	$7,324
Utility Costs	$4,452	$4,452	$7,141	$6,535	$7,961	$4,142	$5,019	$6,535
Total	$11,508	$11,508	$12,054	$13,859	$21,112	$14,327	$10,714	$13,859

Provincial Taxes Utility Costs Total

Sources: Government of Saskatchewan, Economic Development Regina.

The GRA is competitive on municipal property and commercial taxes and this may support the GRA attract Foreign Direct Investment (FDI). This tax incentive makes the GRA attractive to foreign investors seeking opportunities and it may lead to capital inflows, technology transfer and job creation.

Figure 3: Comparison of Municipal Residential and Commercial Taxes in Select Canadian and US Cities (per $1,000)



Sources: City Websites. Currency conversion rate: 1USD=1.3CAD

Tax Incentives

Comparing tax incentives across jurisdictions in the USA and Canada shows that Saskatchewan ranks average when attracting and retaining businesses via incentives. The province has various tax incentives for agriculture, oil and gas, manufacturing and mineral exploration that are beneficial. On the other hand, Saskatchewan lacks incentives for renewables – a fast-growing industry with immense potential for the future – but offsets this with small businesses and start-up incentives. That said, other provinces and states have greater emphasis on start-up incentives relative to Saskatchewan.

Moreover, provinces like Manitoba have incentive programs for labour retention, particularly the Young Entrepreneurs Grant, Workforce Development and First Jobs Fund programs. These help Manitoba retain workers and reduce brain drain and its effects locally. Saskatchewan could do more to promote and grow its own workforce retention programs, and this may be a partial explanation as to the high out-migration numbers the province experiences. Saskatchewan does offer a Graduate Retention Program (GRP) – a program that provides a rebate of up to $20,000 in tuition fees to be returned to eligible graduates who live in Saskatchewan and file a Saskatchewan income tax return. Also, other jurisdictions offer similar programs, including South Dakota (South Dakota Jobs Program), Montana (Grow Montana Jobs & Apprenticeship Tax Credit), North Dakota (Economic Development Assistance Program) and Halifax (Graduate to Opportunity Program).

Provincial Sales Tax and Impact on Business

Saskatchewan places a Provincial Sales Tax (PST) on input goods for manufacturing and start-up costs. In most cases, PST has a negative effect on pricing and competitiveness. This then becomes an additional cost to the purchase of goods and services for consumers as businesses must factor in the tax when setting prices. Similarly, this can affect the competitiveness of Saskatchewan businesses in their respective markets/ industries both locally and internationally. Higher tax rates may lead to higher prices, potentially impacting consumer demand and businesses' ability to attract customers.

Furthermore, businesses are responsible for collecting, remitting and reporting PST to the government – a laborious task[1] not present in other jurisdictions (see Alberta). The administrative burden is time-consuming and requires additional resources (e.g., personnel and software) to manage and adhere to complex tax compliance. In some cases, businesses can claim input tax credits (ITCs) to recover the PST paid on eligible business expenses. This does help offset the PST liability and reduce the overall tax burden, but the availability of ITCs and rules surrounding their eligibility vary. As such, businesses are required to understand and then comply with specific regulations to maximize any potential tax benefits.

If the use of PST on input goods and start-up costs hinders growth, this should be contemplated alongside how it might, in turn, minimize job growth and the potential for higher income tax revenues to offset losses from removing the PST from such application. The table below shows the sales tax amounts among Canadian provinces.

Table 3: Comparison of Provincial and Territorial Sales Taxes across Canada

Province	PST (%)	HST (%)	GST (%)	Total (%)
Alberta			5	5
British Columbia	7		5	12
Manitoba	7		5	12
New Brunswick		15		15
Newfoundland and Labrador		15		15
Northwest Territories			5	5
Nova Scotia		15		15
Nunavut			5	5
Ontario		13		13
Prince Edward Island		15		15
Quebec	9.975		5	14.975
Saskatchewan	6		5	11
Yukon			5	5

Sources: Retail Council of Canada, Economic Development Regina. PST: Provincial Sales Tax. HST: Harmonized Sales Tax. GST: Goods and Services Tax. In the United States, North Dakota has a 5% sales tax, while South Dakota has a combined, comparable 5.9% sales tax (4.2% state sales tax and 1.7% additional tax applicable to certain purchases).

[1] This process involves keeping track of taxable sales, applying the correct tax rates and ensuring compliance with the PST regulations.

Housing Market Analysis

Based on a housing analysis conducted by EDR, Regina has low housing prices and rental prices relative to comparable Canadian and US jurisdictions. The reason for low housing prices is mainly attributed to the balance between housing supply and demand. As the city's population growth rate is lower when compared to larger cities, this leads to a less competitive real estate market and potentially lower prices. For details, please see Table 3 (Page 11).

In accordance with the most recent data from the Conference Board of Canada (CBOC), demand for existing homes continues to weaken as rising interest rates outweigh last year's rapid economic and population growth. The data shows that sales peaked in November 2021, but were 35% lower by January 2023. Simultaneously, a reduction in listings has also allowed Regina's resale market to remain balanced.

As the housing environment appeared to rebound in 2023, unsold new unit inventories rose to a two-year high by January and were up 28.6% from the previous year. It is expected that population growth will encourage Regina builders despite the availability of housing. Also, it is anticipated that new housing starts will reach 1,400 units in 2023, 1,723 units in 2024 and 1,800 units in 2025. Of note, these estimates outpace previous average annual housing starts (approximately 1,400 units per year from 2002 to 2021).

Moreover, Regina City Council has amended its housing incentives policy to address a housing shortfall in and near the city centre. The City of Regina Housing Incentives Program offers incentives, such as grants and tax exemptions, to develop both rental and ownership units. (Source: City of Regina) C

Table 4: Historical Trends in Housing Market in the GRA (2010 to 2021)

Year	Total Listings	Total Sales	Average Sales Price	+/- Change
2021	6,168	3,846	$321,075	5.5%
2020	5,352	3,152	$304,469	1.0%
2019	5,411	2,665	$301,473	-0.6%
2018	7,172	3,032	$303,357	-4.0%
2017	7,541	3,271	$316,156	1.4%
2016	7,394	3,481	$311,909	0.2%
2015	7,750	3,392	$311,235	-0.8%
2014	8,364	3,709	$313,903	0.9%
2013	7,272	3,718	$311,047	3.2%
2012	6,355	3,922	$301,332	8.5%
2011	6,301	3,876	$277,709	7.6%
2010	6,145	3,565	$258,069	N/A

Sources: Canadian Real Estate Association, Economic Development Regina

Of those cities compared, house prices in Regina were, on average, the lowest at a price of $330,600. Research showed that the rental market is more competitive across most jurisdictions with an average range of between $1,395 to $1,800 for a two-bedroom apartment. See Table 4 for further details.

Table 5: Comparison of Average Home Prices and Average Rental Costs in Select Canadian and US Cities

City	Average Home Price	Average Rent Price (2BDR)
Regina (GRA)	$330,600	$1,395
Saskatoon	$380,100	$1,375
Edmonton	$412,334	$1,450
London	$675,923	$2,075
Halifax	$528,400	$2,400
Winnipeg	$386,028	$1,500
Moncton	$333,600	$1,350
Abbotsford	$760,026	$1,800
Ottawa	$679,139	$2,350
Billings (Montana)	$571,870	$1,560
Sioux Falls (South Dakota)	$460,850	$1,430
Fargo (North Dakota)	$487,370	$1,261

Sources: Zumper Inc., Economic Development Regina. Data on July 29, 2023.

It is important to also note that Regina has one of the lowest levels of building permits in the residential and non-residential sector of the cities compared. This creates several knock-on effects and implications First, it implies that Regina struggles to attract investors to build new infrastructure within the city. Next, this low level of development may also illustrate key reasons for low building permit levels such as: slow or weak population growth, instability in the housing market, land availability, government regulations and other infrastructure constraints.

Table 6: Comparison of Total Value of Residential and Non-residential Building Permits in Select Canadian Cities

City (2022)	Building Permits Residential	Building Permits Non-Residential
Regina	$220,598	$202,913
Saskatoon	$618,600	$343,261
Edmonton	$3,592,118	$1,547,021
London	$1,827,696	$617,811
Halifax	$1,677,942	$347,696
Winnipeg	$2,630,526	$1,022,553
Moncton	$479,777	$1,539,831
Abbotsford	x	x
Ottawa	$5,129,787	$1,288,261

Source: Conference Board of Canada, Canadian Real Estate Association (CREA). Data unavailable for US cities used for comparison in this report (Billings (Montana), Sioux Falls (South Dakota) and Fargo (North Dakota).

Impact: Provincial Sales Tax Rebate for New Home Construction

In October 2023, the Government of Saskatchewan announced that new homeowners will qualify for a Provincial Sales Tax (PST) rebate for new home constructions, effective extending an earlier policy action launched on April 1, 2023. The incentive will provide homeowners with an opportunity to recover 42% of the PST paid on new home construction, equivalent to about 2.5% of the total home price (excluding land value). Furthermore, the government announced the introduction of a Secondary Suite Program to increase rental availability. Under this program, homeowners will be able to recover costs associated with establishing rental suites within their primary residence. The policy follows a recent announcement by the Government of Canada to remove the Goods and Services Tax / Harmonized Sales Tax (GST / HST) on all new qualifying rental housing constructions to help with the rising cost of living.

The measures by these two levels of government are expected to have positive impacts, though to what extent is yet to be seen. Positive impacts include: support to help manage the effects of rising interest rates and increasing construction costs; potential increases to residential housing inventory; and assistance to reduce shelter costs for Saskatchewan residents. However, the extent of such positive impacts on ownership and rental markets is unknown, namely as several other factors affect housing inventory (e.g., access to and cost of building materials, availability of tradespeople and other talent, speed and efficacy of new development zoning). Moreover, details of the Government of Saskatchewan's policies are forthcoming in the upcoming provincial budget and may change. For now, it is imperative to know that levels of government are eager to consider and implement potential solutions to Canada's worsening housing situation, and to monitor future announcements on the new and extended policies to astutely measure and advise on potential impacts to residents, professionals and investors involved in the GRA's housing market.

Commercial and Industrial Real Estate Market Analysis for the GRA

The constantly evolving and influential sphere of commercial and industrial real estate is also a focal point of the Greater Regina Area (GRA)'s competitive economic landscape. Though small and insular when compared to cities regionally and nationally, the local environment has robust and unique indicators that clearly showcase challenges, growth and investment opportunities.

Commercial Real Estate Market Analysis

The commercial real estate sector is a barometer of economic activity, reflecting both broader market trends and nuanced local dynamics. In the GRA, this landscape is uniquely shaped by a combination of historical factors, current economic conditions and forward-looking views. As businesses shift operational paradigms in response to global challenges and technological advancements, Regina's commercial market has adapted in kind, and this section delves into intricacies that juxtapose Regina's trajectory against broader trends.

Market adaptability: Despite challenging conditions, Regina's office sector is agile, but has struggled with surpluses in both downtown and suburban precincts. As such, landlords face stiff competition as tenants ask for, and reap, rewards from incentives and competitive rental rates. This, however, is a national trend, echoing tenant-centric markets in larger Canadian markets like Toronto and Vancouver.

Rental rates: Rates in the GRA reflect broader market dynamics with commercial real estate in its downtown areas commanding up to $14.93 per square foot, while suburban regions trend to $11.78 per square foot. Combined, the GRA commercial office market averages $14.50 per square foot that, comparatively, is appealing against similar cities (Winnipeg: $16.03 per square foot (combined); Saskatoon: $19.48 per square foot (combined) (Colliers, 2022).

Prospective collaborations: Should current trends continue, landlord-tenant interactions will rise and be geared on space retention. While less impactful in the GRA, this is pertinent for cities it competes with for new and renewed office space and where hybrid and co-working models, such as Winnipeg, are more widespread than in the GRA today and as office needs shift.

Industrial Real Estate Market Analysis

Regina's industrial real estate scene for the third quarter of 2023 presents a complex mosaic of challenges and opportunities. This rich tapestry, interwoven with supply-demand dynamics, construction patterns, and a gamut of price metrics, provides invaluable insights for stakeholders willing to delve deep into its intricacies.

Supply and demand: At the heart of Regina's industrial narrative is ever-persistent tension between supply and demand. The GRA has witnessed an undeniable constriction in its industrial market, largely attributable to the dual pressures of escalating construction costs and recent distribution issues, mainly pandemic-related. While shipping timelines are reverting to a pre-pandemic cadence, construction costs remain stubbornly high as is a rising concern about availability of trades personnel given major projects locally (e.g. Cargill's canola crush facility, BHP's Jansen mine project). While larger markets might consider these factors 'business-as-usual', they pose unique challenges for the GRA despite its regional economic importance.

Vacancy rates[2]: A commonly referenced metric in real estate, the vacancy rate is particularly revealing for the GRA as its recent rate of 1.7% (Colliers, 2022) suggests a lack of availability. In bustling metropolises with forward-looking zoned land and zoning plans, this may be less concerning, but in the context of Regina's economy, this low rate underscores a saturated market where businesses compete for limited operational space rather than ideal locations.

Construction dynamics: This further illustrates the GRA's trajectory, notably that a considerable portion of ongoing projects are owner-user in nature. This indicates a trend where businesses prefer to own operational bases rather than lease; this may also be a knock-on effect of a low vacancy rate and planning issues. The Global Transportation Hub (GTH) is a pivotal point in this narrative and, likewise, smaller contributions like the Pasqua Business Park (40,000 square feet) and Ross Industrial Park (35,000 square feet) are essential to bolstering local inventory.

Pricing: The GRA's pricing landscape for industrial real estate has witnessed a dip as average industrial real estate price fell to $128 per square foot – a 10% YoY decrease. This could be market dynamics, but a closer look indicates a marketplace with more older properties that require significant refurbishments than new construction available, dragging down mean value.

[2] Vacancy Rate: A real estate metric indicating the percentage of all the available units in a rental property (e.g. a hotel or apartment complex), or in a community (e.g. warehouses, factories, other), that are vacant or unoccupied at a given time.

Land prices: Often a reflection of a region's potential, the GRA's industrial real estate market maintains a degree of stability on price. Urban parcels present prices of $500K per acre, while suburban locations provide more economical options ($200K to $300K per acre). However, a pressing concern and indirect impact on land pricing is inflation, notably on construction material costs that may be up to 35% more than pre-pandemic times. This is reshaping cost structures, with ramifications for future projects, notably small to medium sized developments.

Within land pricing, it is important to consider serviced and unserviced commercial and industrial real estate and their key differences, notably infrastructure and utilities available on the property. Serviced land typically has access to utilities (e.g., water and wastewater, electricity and gas and road access), while unserviced land lacks such amenities, thereby requiring investment to meet commercial or industrial uses. In today's economic climate, such investment can be substantial (e.g., construction material costs have fluctuated widely, rising at times to 35% more than pre-pandemic times) and have an indirect impact to consider on pricing, budgeting and purchasing.

Overall, Regina's industrial real estate realm, like in most communities, is both the bedrock of economic growth and, for the city is marked by a delicate equilibrium between growth catalysts and market impediments. While challenges like high construction costs and limited space availability remain, consistency in land prices and burgeoning investments, especially niche sectors like agri-food processing, suggest optimism. However, the GRA's industrial landscape, like counterparts across North America, is grappling with both broadly global challenges (e.g., supply chain intricacies) and distinctively local idiosyncrasies (e.g., demand-supply dynamics, existing zoned lands versus future zoning plans). However, and as elsewhere, the sector is a testament to each community's resilience, adaptability and forward thinking and, at least for now in the GRA, offers both insights and opportunities.

Key Performance Indicators

In the intricate world of commercial and industrial real estate, Key Performance Indicators (KPIs) serve as navigational beacons, guiding stakeholders through market complexities and trends. These metrics, ranging from vacancy and lease rates to inventory statistics, paint a clear picture of a market's pulse and potential. For Regina's industrial market landscape, these KPIs shed light on local strengths, challenges and unique characteristics. With this in mind, the following KPIs provide unique insight into the GRA's commercial and industrial real estate industry:

Vacancy Rates: As indicated above, this is an essential barometer of a market's health. In the GRA, the vacancy rate for the industrial market was between 1.7% and 1.88% (Colliers and Avison Young, 2022). This is indicative of an occupied market that can boast strong demand for space, but also indicates limited opportunity to expand quickly.

Lease Rates[3]: The average asking lease rate for industrial properties in the GRA was $11.51 per square foot (Colliers, 2022), comparatively lower than most nearby, comparable communities. This may present the GRA as either a region of premium value or a location experiencing challenges in value for money for potential investors and businesses.

[3] Lease Rates: Cost per square foot to rent a property. Can be "gross" (including all costs) or "net" (excluding additional costs).

Inventory[4]: As of late 2022, the GRA had 24.6M square feet of industrial real estate inventory with an annual absorption of 328,000 square feet (2021-2022), new build growth has slowed. While the inventory for this size of community hints at a positive growth trajectory, the low vacancy and lease rates and drop in pricing of available existing inventory suggests a stagnant market that requires innovation, future planning and activity to revitalize and meet demand.

Land Distribution and Pricing: Looking at spatial distribution, some 25.3% of available industrial inventory is located outside the City of Regina in areas like the GTH and the RMs of Sherwood and Edenwold. Pricing also reflects the value the region holds with the average asking price for industrial land in the City of Regina being $365,000 per acre (Colliers, 2022).

Overall, the GRA's commercial and industrial real estate market exhibits signs of growth and investment with challenges arising from local idiosyncrasies, such as policy and planning, that may hinder the local real estate ecosystem. Today, both weaknesses (e.g., lease rates, attractive inventory and construction) and strengths (e.g., consistent demand, healthy absorption rates and large industrial expansions) illustrate the GRA as competitive and attractive for investors and operators knowledgeable of willing to work within current confines and parameters.

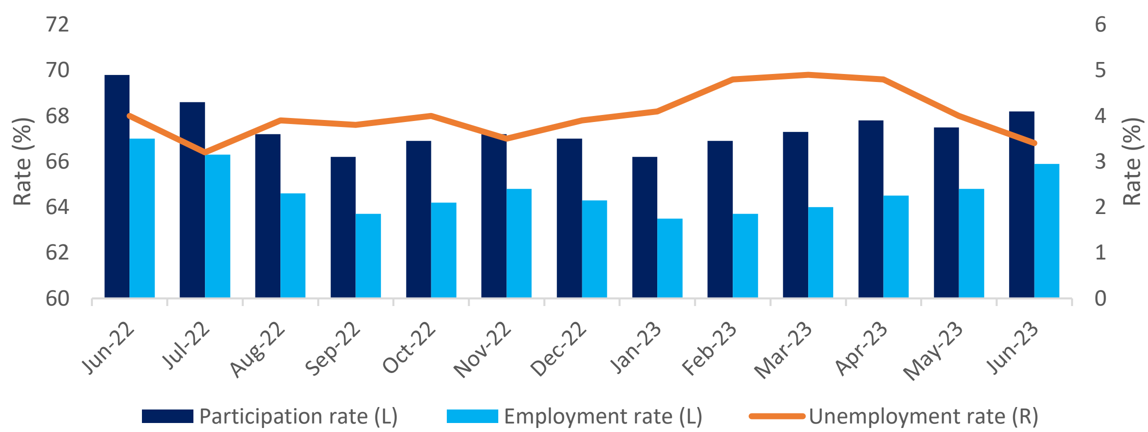
Labour Market Analysis in the GRA

Amidst elevated labour demand, recent market conditions have been characterized by low unemployment rates and high labour force participation among the working age population (workers 25 to 54 years of age). In Q1 2023 in the GRA, key metrics for this age bracket include:

- Unemployment rate of 3.4%,
- Participation rate of 68.2%
- Employment rate of 65.9%

Figure 1 below displays monthly data for labour force characteristics of this age group.

Figure 1: Labour Force Metrics: Employment, Unemployment and Participation Rates in the GRA (Monthly)



Sources: Statistics Canada, Economic Development Regina. Data is for GRA residents 25 – 44 years of age.
Calculations: Labour Force Participation Rate: (labour force/ working-age population) *100
Employment Rate: (number of employed/ working age population) *100

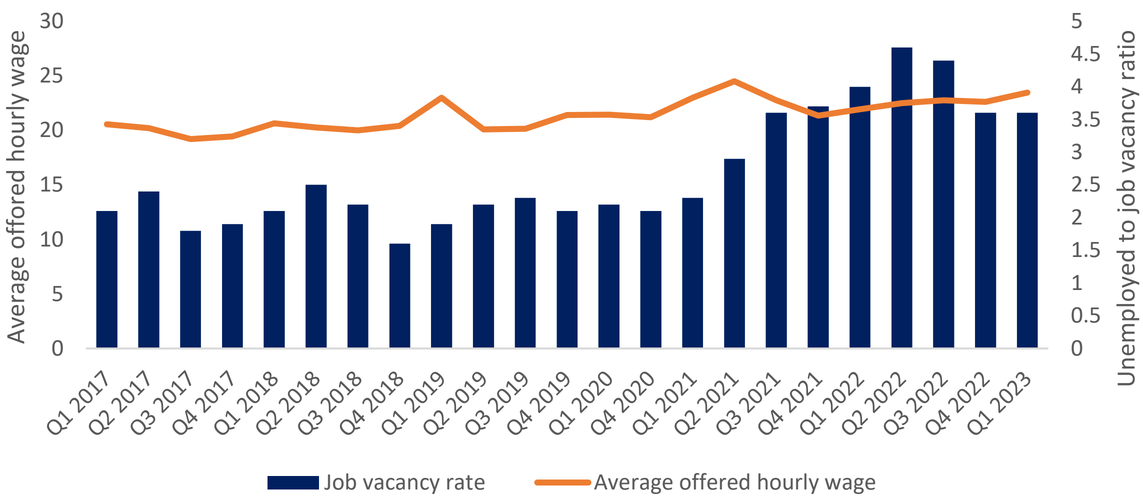
[4] Inventory: Total available commercial or industrial spaces for sale or lease within a specific market.

Unemployment Rate: (number of unemployed/total labour force) *100

Currently, the *Unemployed-to-Job Vacancy Ratio*[5] is falling in the GRA, but remains above the national average (1.4 unemployed persons per vacancy). This is occurring despite a tight labour market in Canada, and this ratio is an essential measure to illustrate tightness in the labour market. In the GRA (Ratio = 3.6), the ratio illustrates challenges for individuals seeking work when nearly 4 people available for each job vacancy in the labour market[6]. This suggests two causes:

1. The labour market is facing significant challenges with stiff competition among job seekers for available positions.
2. There is a mismatch between the skills and qualifications of unemployed individuals and the requirements of available vacancies.

Figure 2: Quarterly Job Vacancy Rates and Average Offered Hourly Wage in the GRA



Source: Statistics Canada, Economic Development Regina. Job vacancy rate: Number of unemployed/ number of job vacancies

A skills and requirements mismatch is more plausible in the GRA, owing to monitoring of the Canadian Federation of Independent Businesses' (CFIB) *Monthly Business Barometer* that represents the views of small- and medium-sized businesses on economic expectations. From these parameters and analysis, the high unemployment-to-job-vacancy ratio in the GRA may create knock-on effects, such as leading to lower consumer spending and reduced demand for goods and services, chiefly by the unemployed and their limited purchasing power. Also, a high ratio may result in a rising burden on government and its welfare programs for those in need.

[5] $Unemployed\ to\ Job\ Vacancy\ Ratio = \frac{Number\ of\ Unemployed\ People}{Number\ of\ Job\ Vacancies}$

[6] This analysis is based on jobs publicly advertised.

Conclusion

In this report, EDR identified areas that could positively contribute to the GRA's competitiveness, notably its youth, affordability and options to implement and enhance existing attraction programs. The paper covered crucial areas – age, analysis, cost of living and tax incentives – and explored how the GRA compares with similar cities in Canada and in the United States.

In closing, the GRA's economy is strong in value-added agriculture, manufacturing and services that all position the city as a potentially vibrant economic hub. This report also highlights challenges, such as the application of its PST on business costs, which would benefit from further analysis, notably future impacts from recent provincial directives. Overall, the competitive analysis serves as a foundation for informed planning and decision making to enable economic agents to identify opportunities, allocate resources effectively and work towards building a prosperous and vibrant economy in the GRA for all.

EDR and You

As the GRA's economic development agency, EDR is able, armed and eager to provide additional, tailored research, analysis and advisory support to groups and others interested in growth and investment opportunities in our community – both local and international. For more, please visit Economic Development Regina for additional information, research reports and insights or connect with us directly to discuss this and other research as well as challenges and new opportunities.

We are here, eager and ready to support you.

Analysis: Opportunity Calgary Investment Fund

Background

Calgary's economy was impacted by a structural change in the energy sector and the 2014-2015 recession. Municipal and business leaders came together to support growth in key sectors and diversify the economy. Stakeholders, in March 2017 agreed that business-as-usual would not fill vacant office space or create jobs, so the Opportunity Calgary Investment Fund (OCIF) was proposed by Calgary's City Council.

OCIF is owned by the City of Calgary, governed by an independent Board of Directors and administered by Calgary Economic Development (CED). The Fund offers financial support to private sector firms, non-profit organizations and public institutions proposing investments that drive economic growth, serve as a catalyst for further investments and create jobs for Calgarians.

Current Status

The $100M total fund was created from the City of Calgary's existing fiscal reserve. The fund has zero impact on property tax rates. So far, $77.4M of the fund have been committed to support 25 projects in the city. Funds are provided to cover up to 50% of the proposed project's budget.

What are the criteria for assessing a project?

For projects to be approved under the OCIF, they should bring economic benefits such as attracting direct investments, increasing tax base/revenues and creating jobs for Calgary residents. The projects must also be aligned with key industries and play to Calgary's competitive advantages. Ultimately the projects must support the government or private sector innovation initiatives while providing social benefits to Calgarians.

Do other jurisdictions have similar funds?

Many governments in Canada and the United States have similar funds. Examples include The Texas Enterprise Fund which supports business attraction in that state, the City of Waterloo's Economic Development Grant, Nova Scotia's Municipal Innovation Program which covers up to 75% of eligible project costs and the City of Toronto's Main Street Innovation Fund.

Why not provide loans or take equity positions?

The Funds support ecosystem developments / projects, create jobs and increase the municipal property assessment base. Most cities are prohibited from providing loans or partnering in commercial ventures. The OCIF was established to drive innovation and grow local ecosystems.

Will recipients be required to pay back funds?

Funding is a non-repayable contribution. Stringent reporting requirements ensure the recipients meet the provisions of the agreement to receive the funding. Recipients not in compliance with the terms of the agreement may be subject to repaying all or some of the funds.

OCIF Recipient Success Stories

In 2022, Neo Financial became Canada's fastest billion-dollar unicorn, emerging from the OCIF-backed venture studio, Harvest Builders. Other success stories include: Attabotics, AltaML, Life Sciences Innovation Hub and Unity. Combined project investments to date are estimated at between $458 to 865M and over $30M in other government funding attracted. The fund has supported projects that have, in turn, created 2,915 jobs for local residents of Calgary.

For more information on the OCIF, please see: [Opportunity Calgary Investment Fund.]()

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