



HEAD OFFICES IN VANCOUVER

Economy - Structure

Step 1: Understanding Yesterday and Today

Metropolitan Core Jobs & Economy Land Use Plan

Highlights

- Head offices are considered to have several benefits, such as creating demand for business and financial services and providing highly skilled jobs.
- A head office does not necessarily have a large number of employees. In the GVRD, the average is less than 40 jobs per head office. (The Montreal region has the highest average size, at 69 employees.)
- The Metro Core is the largest concentration of head offices in the region and province.
- Metro Core head offices are about half resource sector and the other half a wide variety of other sectors.
- The number of FP500-defined head offices in Vancouver has declined, and the number in the rest of the GVRD has increased.
- Most of the “lost” headquarters in Vancouver were a result of mergers and acquisitions rather than moving elsewhere.



WHY ARE HEAD OFFICES CONSIDERED IMPORTANT FOR A LOCAL ECONOMY?

Most of the decision making functions of a corporation are located in a company's headquarters or head offices. In most cases, headquarters are in office buildings, even if the actual activity of the company is elsewhere. For example, many mining companies have their headquarters in the office districts of large cities, while the actual mining operations are usually in remote parts of the country or the world.

Headquarters have been considered important for a local economy for a number of reasons: adding to a city's image; generating demand for financial and business services; and providing high-paying employment for highly skilled workers. In addition, headquarters often make large contributions to local institutions and charities. (Statistics Canada 2006; Finlayson, 2005)

HOW ARE COMPANY HEAD OFFICES DEFINED AND COUNTED?

There are a number of ways that head offices can be defined and counted:

FP500: The most commonly used source for company headquarters in Canada is the Financial Post 500 list. The FP500 lists the largest companies by revenue and

it specifies in which city the head offices of the company are located.

Since the FP500 list only includes the top 500 Canadian companies by revenue, it does not count many smaller companies that have their head offices in Vancouver.

Statistics Canada: A recent Statistics Canada report (2006) on head offices is another source of information. This is different in several ways from the FP500 data:

- The Stats Canada definition of head office is not based on company revenue.
- Crown corporation head offices are not included.
- The data provided are for the whole region so cannot be broken down for the city and Metro Core.
- “A head office is only recognized as a production unit if it is located in a separate physical location” (p.5). So, for example, the report says that a manufacturing head office that is co-located with the manufacturing plant would not be counted as a head office in the study.

By counting only head offices that are separately located from their production units, there may be a tendency to count some types of head offices more than others - for example, manufacturing and energy

sector head offices may be more likely to be located separately from their production units than computers and software head offices.

BIV: Business in Vancouver provides annual lists of the Top 100 Companies in B.C, ranked by revenue. Although the lists do not distinguish whether these companies are head offices, these offices might be expected to provide some similar benefits to head offices.

HOW MANY PEOPLE WORK IN HEAD OFFICES?

Head offices do not necessarily employ large numbers of people at the head office location. The majority of company employees may be located elsewhere.

In the Statistics Canada report, just over 1% of all jobs in the GVRD are in head offices, with an average of 36 employees per head office. (The Stats Canada report is the one with data on number of employees at the head office location.)

A specific example of head office size in the Metro Core would be Terasen Gas which was reported to have 42 lost jobs when it was acquired by another firm for a move to the U.S. (Business in Vancouver, Aug. 16-22; issue 825).

The highest average employment size for head offices in Canada is the Montreal region with 69 jobs per head office unit.

Many companies have larger numbers of employees in offices that are not head offices. Business Objects, for example, has their headquarters in France, but has over 1,200 employees in Downtown Vancouver.

HOW MANY HEAD OFFICES ARE IN THE VANCOUVER REGION?

The number differs considerably depending on the source, as shown in Table 1. The FP500 source is based on firms with top revenues.

Table 1: Head offices in Vancouver region

FP500 2004	Statistics Canada 2005
42	335

Note: This FP500 and Stats Canada data are for the region, not for city. Stats Canada report does not have data for city.

WHAT IS THE HEAD OFFICE ROLE OF THE METRO CORE IN THE REGION?

The Metro Core is the largest concentration of regional and provincial head offices and major companies:

- 55% of the FP500 head offices in the Vancouver region are in the Metro Core (Table 2).
- 72% of the BIV top 25 public companies in B.C. are in the Metro Core. ("Public" refers to companies in which shares are publicly traded.)
- 32% of the BIV top 25 private companies in B.C. are in the Metro Core. This is more than at any other location in B.C. (Burnaby has next most with half as many as Metro Core.)

Table 2: FP500 companies in Metro Core, city, region, and province, 2004

2004	# of FP500 companies
Metro Core	23
Rest of Vancouver	4
Rest of GVRD	15
GVRD Total	42
Rest of BC	8
BC Total	50

WHAT TYPES OF HEAD OFFICES ARE IN THE METRO CORE?

Of the 23 Metro Core companies in 2004 from the FP500 list, just under half (11) are in the resource and energy sectors:

- 7 in Forestry
- 4 in Mining, Oil and Gas
- 4 in Finance, Insurance, Real Estate and Management of Corporations
- 3 in Manufacturing
- 1 in Administration and Support, Waste Management and Remediation
- 1 in Construction
- 1 in Food & Accommodation
- 1 in Wholesale
- 1 in multiple sectors (the Jim Pattison Group)
- 1 a Crown Corporation

HOW HAS THE NUMBER OF HEAD OFFICES CHANGED?

Between 1983 and 2004, the number of FP500 company head offices in the city of Vancouver declined, while the number in the rest of the region increased (Table 3).

This growth of head offices in the suburbs can also be seen in other cities. In Toronto, for example, the

number of FP500 companies declined from the 1980s to the 1990s while the number in the surrounding municipalities rose.

Table 3: FP500 companies in city, region, and province, 1983 - 2004

	1983	1993	2004
Vancouver	46	36	27
Rest of GVRD	1	11	15
GVRD Total	47	47	42
Rest of BC	2	4	8
BC Total	49	51	50

For the region as a whole, the total number of head offices declined, while the number in the province as a whole remained about the same.

The number of head offices in the region also declined in the Statistics Canada study, but different from the FP500, Stats Canada also shows a decrease for B.C. as a whole. (The Stats Canada study uses much different numbers; e.g., see Table 1).

WHAT HAPPENED TO THE "LOST" COMPANIES?

The majority of FP500 head offices that were "lost" in the city of Vancouver between 1983 and 2004 were lost due to mergers and acquisitions. Only a few actually moved their head office to another city (Table 4).

Table 4: Where 1983 FP500 companies are today

Stayed in City of Vancouver	14
Merged or bought and stayed in Vancouver	9
Merged with or bought by companies located elsewhere	12
No longer exist	3
Moved	8
Total City of Vancouver	46

The 14 companies that are still in Vancouver from the 1983 FP500 list may or may not still be on the FP500 list today. The 27 Vancouver FP 500 companies on the list today were mostly not on the list in 1983. They are new companies, or were located elsewhere, or companies that did not make the list in 1983.

HOW HAS THE NUMBER OF JOBS IN HEAD OFFICE CHANGED?

The Statistics Canada report, which is the one that counts employees at head office locations, shows a decrease in the number of head office employees in the Vancouver region in the last six years from 17,000 employees to 12,000 employees, and a decrease in the average employees per head office from 48 to 36. (It provides data only at the regional level, not city level.)

(The Stats Canada report also compares Canada's four major head office regions (Toronto, Montreal, Calgary, and Vancouver) and their provinces. It shows the Vancouver region and B.C. as the only ones with a decrease in the number of head offices and head office jobs.)

Sources / Contacts

Sources:

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