



# Sectoral Profile

Finance and Insurance,  
Real Estate and Leasing Services  
NAICS 52, NAICS 53

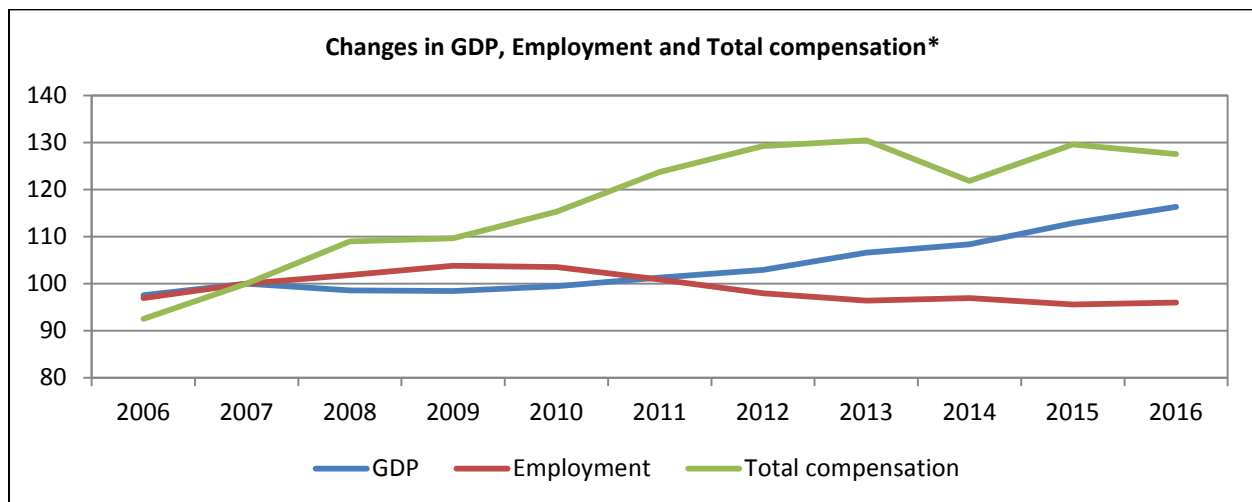
Quebec

2018-2020 Outlook\*



- Finance and insurance—opposite forces are acting on employment dynamics: on the positive side, a wider range of services and the demand for financial advice; on the negative side, the restructuring of businesses and the optimization of existing resources
- Real estate services—the highly enthusiastic markets of the 2000s cooled down after the 2008-2009 recession, but growth is back

Until the 2008-2009 recession, employment grew in financial institutions and insurance companies following the diversification of services, implementation of innovative products, and increasing demand for financial advice, investments and wealth management. In real estate services, the growth of the housing market helped attract new real estate agents and brokers. The post-recession years dampen this dynamic. Due to low investment returns, institutions looked for ways to save money: they slowed the pace of improvements, streamlined their organization. This led to the loss of thousands of jobs in Canada, and a big part of it in Quebec. Combined to a cooled real estate market, the employment growth of the entire group was cancelled out. But the future looks different.



\*Data are expressed as indices with 2007 = 100

Sources: Statistics Canada, GDP – CANSIM 379-0030, Employment – LFS, Total Compensation – 383-0031

\* This document is the result of analyses performed using information available as at April 5, 2018.

In the coming years, a number of issues will continue to have an impact on growth, such as the globalization of the economy, technological developments and the decompartmentalization of financial institutions, on top of demographics, data security and business intelligence issues.

## Finance

In Canada, chartered banks dominate the landscape, with 84% of deposits, 82% of mortgages and 93% of personal loans. The Quebec financial sector is characterized by the presence of a key actor, *Mouvement Desjardins*. It accounts for over one third of deposits and loans of all types. Their competition to win market shares is fierce.

Institutions are still seeking efficiencies to get higher returns. The adjustment of hierarchical structures and the reorganization of administrative services at headquarters and regional offices, started around in 2015, seem to be completed. But optimization of human resources, i.e. making the most effective use of people and their knowledge, curb the turnover rate, and so forth, continues on and could lead to the conversion of several part-time jobs into fewer full-time ones.

An Ernst & Young study (*FinTech Adoption Index 2017*, published in July 2017), estimates that 41% of cash transfers and payments were made by the means of digital technologies in Canada in 2017. The overall FinTech adoption rate in Canada is 18% (it was 8% in 2015), among the lowest rates of the 20 surveyed countries (the average is 33%), because the use of FinTech is very limited for savings and investments (12%), insurance (10%), financial planning (5%) and loans (3%). Ernst & Young expects the overall adoption rate to double within the next two years. Not surprisingly, the FinTech adoption rate is higher among 25-34 year-olds (48%), followed by 34-44 year-olds (41%), 45-54 year-olds (30%), 55-64 year-olds (22%), 65-74 year-olds (15%), and so forth.

Therefore staff reductions will very likely follow the adoption of technologies. There is also the restructuring at the Laurentian Bank which announced branch fusions, the elimination of 300 positions during 2018 and a development based on a new approach and new in-branch tasks. On a positive note, wealth management for individuals, families and businesses remains a very dynamic segment. Moreover, services to SMEs play an important role in the future development of institutions.

## Insurance

Insurance companies are investing heavily in service diversification, leading them to move into niches that are not necessarily linked to property or health insurance. The focus is on sustainable investments, portfolio diversification and helping clients secure their own future or that of their business. There is also legal protection for business and personal identity, customized coverage for individuals and businesses, and wealth management—indeed, there is competition with banks in this regard. Due to diversification, there is talk of growth in the field.

Significant investments are made in electronic platforms to enable the access to products and to stay ahead of the competition. Otherwise, growth opportunities can be found in acquisitions from abroad because the local market, mainly general insurance, has reached maturity.

## Real estate and leasing services

In 2017, the residential resale market progressed smoothly, and the *Canadian Mortgage and Housing Corporation* believes that this growth will continue in 2018 and 2019, although at a slightly slower pace. Brokers are increasingly used for the sale of all units associated with a housing project and for the initial marketing of large rental properties. Moreover, the rental market is a fast-growing segment for real estate professionals.

In regards to commercial real estate, owners and asset managers faced the collapse of *Sears* – some of them had still not recovered from the departure of *Target*. Over the past few years, commercial real estate has been hit by the bankruptcies of several large retail stores, and the dwindling presence of new players to reclaim all of the spaces. The competition for attracting consumers is fierce.

In the office space segment, new construction projects are competing with existing locations. In spite of this, the occupancy rate has not grown much. On the contrary, the conversion of old industrial buildings has been accelerated to meet the demand from high-tech enterprises.

Landlords of residential buildings and of units (except social housing), enterprises involved in non-residential leasing and real property managers are all enjoying very healthy profit margins.

### Sectoral Dynamics for the Regions

| Québec 2018-2020   | In the Economic Regions    | AAGR |
|--|----------------------------|------|
| Annual average growth:<br>0.9%<br><br>Gain of approx.:<br>6,550 positions<br><br>Yearly dynamics:<br>2018: ↗<br>2019: ↗<br>2020: ↗ | Lanaudière                 | 1.3% |
|  | Laurentides                | 1.1% |
|  | Montréal CMA               | 1.0% |
|  | Bas-Saint-Laurent          | 1.0% |
|  | <b>QUÉBEC</b>              | 0.9% |
|  | Abitibi-Témiscamingue      | 0.9% |
|  | Montérégie                 | 0.9% |
|  | Estrie                     | 0.9% |
|  | Capitale-Nationale         | 0.9% |
|  | Chaudière-Appalaches       | 0.6% |
|  | Outaouais                  | 0.6% |
|  | Gaspésie-Les-Îles          | 0.5% |
|  | Centre-du-Québec           | 0.5% |
|  | Mauricie                   | 0.1% |
|  | Côte-Nord / Nord-du-Québec | 0.1% |
|  | Saguenay-Lac-Saint-Jean    | 0.1% |

n/a: not applicable

Source: 2018–2020 Sectoral Outlook annual exercise

Labour Market Analysis Directorate, Service Canada – Quebec Region, April 5, 2018.

The following occupations in the finance, insurance, real estate and rental and leasing industry, are the most likely to be affected by the expected growth (according to the occupation by industry matrix):

- 6551 Customer services representatives - financial institutions
- 1114 Other financial officers
- 6231 Insurance agents and brokers
- 6232 Real estate agents and salespersons
- 0122 Banking, credit and other investment managers
- 6235 Financial sales representatives
- 1434 Banking, insurance and other financial clerks
- 1224 Property administrators
- 1112 Financial and investment analysts
- 1312 Insurance adjusters and claims examiners
- 1113 Securities agents, investment dealers and brokers
- 0111 Financial managers
- 1111 Financial auditors and accountants
- 2171 Information systems analysts and consultants
- 0121 Insurance, real estate and financial brokerage managers
- 6552 Other customer and information services representatives
- 1431 Accounting and related clerks
- 1313 Insurance underwriters
- 0121 Insurance, real estate and financial brokerage managers
- 1314 Assessors, valuers and appraisers.

## SIZE AND DISTRIBUTION OF AND CHANGES IN EMPLOYMENT IN THE INDUSTRY IN QUEBEC

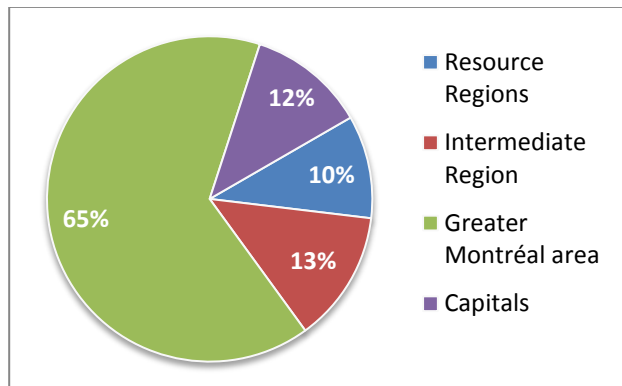
|                               | Employment<br>2015–2017 Average |                            |                                 | 10-year Change in<br>Employment |             |
|-------------------------------|---------------------------------|----------------------------|---------------------------------|---------------------------------|-------------|
|                               | Employment<br>In thousands      | Provincial<br>distribution | Regional<br>employment<br>share | In thousands                    | as a %      |
| <b>All of Quebec</b>          | <b>221.6</b>                    | <b>100.0%</b>              | <b>5.3%</b>                     | <b>5.9</b>                      | <b>2.8%</b> |
| <b>Resource Regions</b>       |                                 |                            |                                 |                                 |             |
| Abitibi-Témiscamingue         | 2.2                             | 1.0%                       | 3.1%                            | 0.1                             | 3.1%        |
| Bas-Saint-Laurent             | 2.7                             | 1.2%                       | 3.1%                            | -1.1                            | -28.6%      |
| Côte-Nord / Nord-du-Québec    | x                               | x                          | x                               | x                               | x           |
| Gaspésie-Îles-de-la-Madeleine | x                               | x                          | x                               | x                               | x           |
| Saguenay-Lac-Saint-Jean       | 4.4                             | 2.0%                       | 3.4%                            | -0.4                            | -7.7%       |
| <b>Intermediate Regions</b>   |                                 |                            |                                 |                                 |             |
| Centre-du-Québec              | 4.2                             | 1.9%                       | 3.5%                            | -0.7                            | -13.7%      |
| Chaudière-Appalaches          | 11.2                            | 5.1%                       | 5.2%                            | -0.3                            | -2.3%       |
| Estrie                        | 4.7                             | 2.1%                       | 3.0%                            | -1.6                            | -25.9%      |
| Mauricie                      | 4.9                             | 2.2%                       | 4.1%                            | 0.9                             | 23.5%       |
| <b>Greater Montréal area</b>  |                                 |                            |                                 |                                 |             |
| Lanaudière                    | 11.6                            | 5.2%                       | 4.6%                            | 0.0                             | 0.3%        |
| Laurentides                   | 13.8                            | 6.2%                       | 4.5%                            | 1.7                             | 14.0%       |
| Laval                         | 11.1                            | 5.0%                       | 5.2%                            | -0.8                            | -6.7%       |
| Montréal                      | 70.0                            | 31.6%                      | 7.0%                            | 7.8                             | 12.5%       |
| <b>Capitals</b>               |                                 |                            |                                 |                                 |             |
| Capitale-Nationale            | 27.0                            | 12.2%                      | 6.7%                            | 2.3                             | 9.5%        |
| Outaouais                     | 6.4                             | 2.9%                       | 3.2%                            | -1.3                            | -16.5%      |

x: confidential data, fewer than 1,500 people employed in this region

Source: Historical estimates based on Statistics Canada's Labour Force Survey

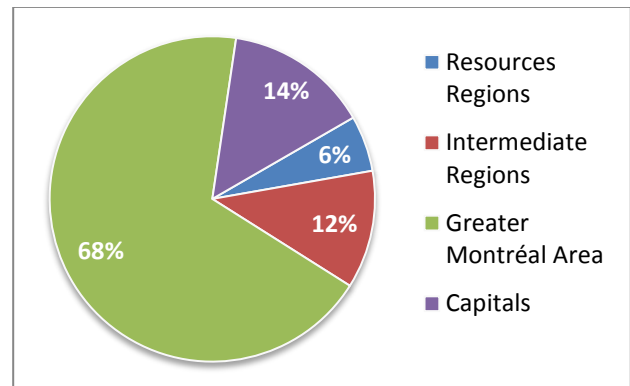
**SOME CHARACTERISTICS OF THE INDUSTRY IN QUÉBEC**

**Establishment distribution by Region**



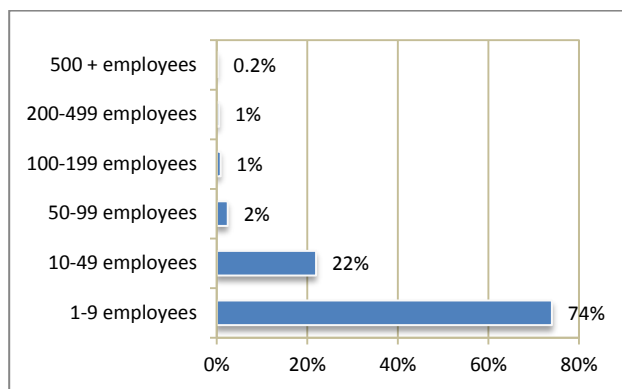
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

**Employment distribution by Region**



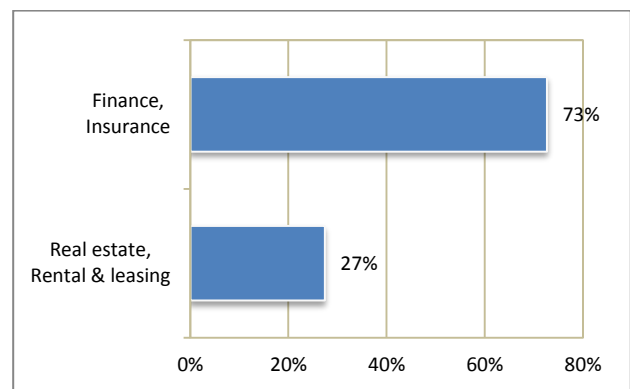
Source: Statistics Canada, Labour Force Survey; based on average employment in 2014-2016

**Size of establishment**



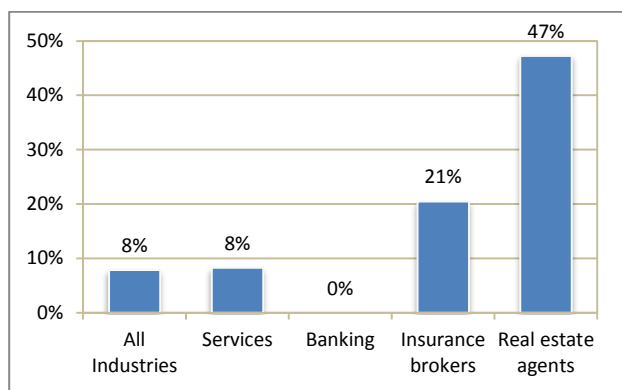
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

**Employment by industry segment**



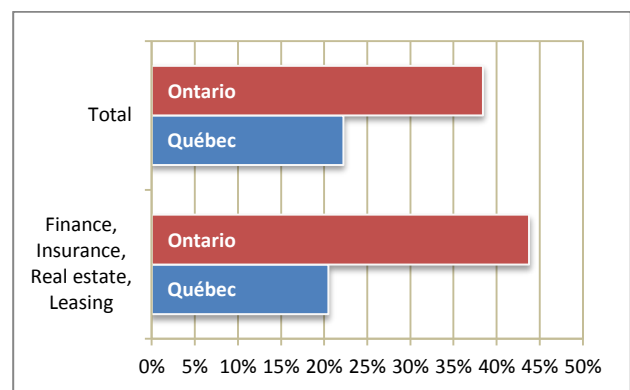
Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

**Self-employed jobs compared to Total employment**



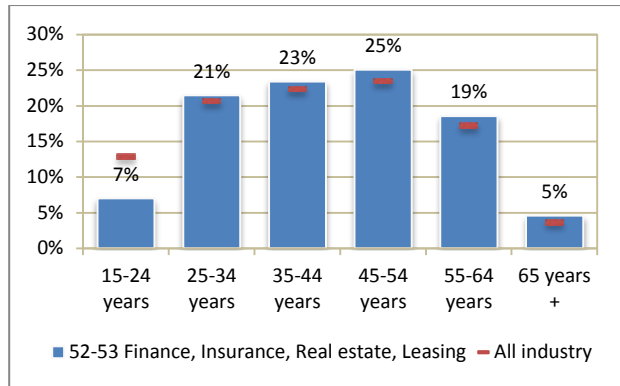
Source: Statistics Canada, CANSIM 383-0031 Labour statistics, based on average employment in 2014-2016

**Share of total employment and industry in Canada**



Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

**Employed Labour Force Aged 15 Years and Over**



Source: Statistics Canada, 2016 Census, special tabulation for ESDC

**Employment distribution by skill type**

| National Occupational Classification                            |     |
|---|-----|
| 0. Management   | 14% |
| 1. Business, finance and administration                         | 43% |
| 2. Natural and applied sciences and related                     | 6%  |
| 3. Health   | 0%  |
| 4. Education, law and social, community and government services | 3%  |
| 5. Art, culture, recreation and sport                           | 1%  |
| 6. Sales and service  | 32% |
| 7. Trades, transport and equipment operators                    | 2%  |
| 8. Natural resources, agriculture and related production        | 0%  |
| 9. Manufacturing and utilities                                  | 0%  |

Source: Statistics Canada, 2016 Census, special tabulation for ESDC

**FOR MORE INFORMATION**

- Job Bank (Canada) – [Job Market Trends and News](#): Information on job, skills and local labour market trends is important for making career decisions. In addition, information on wages, labour supply, labour demand and other factors helps employers recruit, train and retain workers and make business and investment decisions.
- North American Industry Classification System (NAICS) Canada 2012: Finance and Insurance [NAICS 52](#) & Real Estate and Rental and Leasing [NAICS 53](#)

**Note:** In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

**Prepared by:** Labour Market Analysis Directorate, Service Canada, Quebec

**For further information,** please contact the LMI team at:

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